

Lebanomics

3rd 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	58,850
- Nominal GDP (Millions USD)	25,158	30,080	34,926	38,474	39,039
- GDP Deflator ²	111	122	130	130	135
- GDP per capita, PPP (USD)	11,893	13,116	14,171	15,168	15,522
- Real Growth Rate	7.8%	9.2%	8.5%	7.0%	1.5%
- Inflation ³	5.9%	6.4%	3.4%	5.1%	3.1%
• 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%)	(6.0%)
- Primary Surplus (Deficit) as a % of GDP	2.9%	2.0%	3.1%	3.2%	4.2%
• Foreign Trade					
- Current Account Surplus (Deficit) as a % of GDP	(6.8%)	(9.2%)	(9.8%)	(9.6%)	(13.9%)
- Trade Surplus (Deficit) as % of GDP	(23.7%)	(27.9%)	(36.5%)	(35.6%)	(40.7%)
- 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%	137%
• 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	16,464
• 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	7,619	7,612
- Outflows	2,967	4,366	5,749	4,560	4,759
• FDI Flows (Millions USD)					
- Inward	3,376	4,333	4,804	4,280	3,200
- Outward	848	987	1,126	487	900

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	Q4 11	Q1 12	Q2 12	Q3 12	YoY	YTD
• Assets						
- Gold	21,709	23,117	21,839	24,759	8.98%	14.05%
- Foreign Currencies	46,453	46,719	44,109	45,203	-2.06%	-2.69%
- Claims on Private Sector	380	356	361	378	1.90%	-0.51%
- Loans to Banks and Financial Corporations	2,099	2,141	2,306	2,440	17.28%	16.27%
- Claims on Public Sector	140	128	98	86	-48.66%	-38.58%
- Securities Portfolio	19,847	21,566	25,956	24,968	27.42%	25.80%
- Fixed Assets	358	359	386	387	11.14%	8.17%
- Unclassified Assets ¹	14,986	15,627	17,044	18,422	20.86%	22.93%
Total Assets	105,972	110,014	112,100	116,643	9.34%	10.07%
• Liabilities						
- Currency in Circulation outside BDL	3,283	3,096	3,185	3,256	4.89%	-0.83%
- Deposits of Banks and Financial Corporations ²	69,752	73,225	75,085	76,424	14.98%	9.57%
- Liabilities to the Private Sector	42	52	42	45	7.38%	5.07%
- Public Sector Accounts	7,985	7,705	9,234	8,932	-13.30%	11.87%
- Valuation Adjustment	13,285	14,751	13,372	16,381	14.25%	23.30%
- Securities Other than Shares ³	3,015	3,015	3,015	3,015	0.00%	0.00%
- Foreign Liabilities	329	327	327	327	-3.06%	-0.66%
- Special Long-term Liabilities	2,503	2,353	2,353	2,202	-12.03%	-12.05%
- Capital Accounts	4,556	4,556	4,495	4,495	6.75%	-1.33%
- Unclassified Liabilities ⁴	1,223	934	991	1,567	-33.60%	28.21%
Total Liabilities	105,972	110,014	112,100	116,643	9.34%	10.07%

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

BDL total assets 9% higher YoY driven by increase in securities portfolio and gold, now nearing 200% share of GDP vs. US and EUR at 20% and 30%

Lebanon has the second largest gold reserves in the Middle East after Saudi Arabia, and 19th world-wide, which helps shore investor confidence

► Public Revenues

Billions LBP	Q4 11	Q1 12	Q2 12	Q3 12	YoY	TTM
• Total Revenues (a+b)	3,590	3,522	4,121	3,191	-3.13%	4.21%
a. Treasury Receipts	176	170	140	185	-3.14%	-3.31%
b. Budget Revenues (i+ii)	3,414	3,352	3,980	3,008	-3.09%	4.61%
i. Tax Revenues	2,398	2,533	3,113	2,259	-2.59%	5.09%
- 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)	380	580	1,214	360	-9.55%	6.92%
- Taxes on Property (including Built Property Tax, Real Estate Registration Fees)	339	324	282	270	0.75%	12.29%
- Domestic Taxes on Goods & Services (including Value Added Tax and Taxes on Goods and Services, especially Private Car Registration Fees and Passenger Departure Tax)	1,011	977	935	930	-4.62%	7.15%
- Taxes on International Trade (including Customs; Excises on Gasoline, Tobacco and Cars)	548	529	564	584	3.73%	-3.51%
- Other Tax Revenue (namely fiscal stamp fees)	120	123	118	115	0.88%	5.78%
ii. Non-tax Revenues	1,016	820	867	748	-4.59%	3.20%
- 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)	709	619	683	606	-4.42%	-1.80%
- Administrative Fees & Charges (including fees for notaries, passports, public security, vehicle control, driving licenses and judicial fees; work permit fees; and more)	189	158	145	116	-3.33%	12.80%
- Penalties and Confiscations	3	3	3	2	0.00%	22.22%
- Other Non-tax Revenues (mostly retirement deductibles)	114	39	37	24	-14.29%	63.36%

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

Tax revenues benefited from:
 ↑ VAT receipts due to higher collections
 ↑ Taxes on salaries and wages from rise in salaries
 ↑ Taxes on capital gains from increased collections

► Public Expenditures

Billions LBP	Q4 11	Q1 12	Q2 12	Q3 12	YoY	TTM
Total Expenditures	5,016	4,530	4,820	4,588	12.07%	10.07%
a. Current Expenditures	4,480	3,903	4,210	4,240	14.38%	11.00%
i. Interest Payments (including local and foreign currency debt)	1,464	1,209	1,528	1,131	-14.58%	-5.11%
ii. Transfers to Electricite du Liban	923	816	663	1,142	69.94%	57.51%
ii. Other Current Expenditures (including personnel costs; foreign debt principal repayment; materials and supplies; and more)	2,093	1,878	2,019	1,967	14.96%	9.06%
b. Capital Expenditures (including equipment and maintenance for ongoing infrastructure construction; and more)	223	236	83	121	-12.95%	3.76%
c. Budget Advances	17	49	66	25	-19.35%	-26.64%
d. Customs Administration	7	12	10	8	0.00%	-9.76%
e. Treasury Expenditures	289	380	401	194	-6.73%	4.29%
f. Unclassified Expenditures	0	0	0	0	-100.00%	-100.00%

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

► Government Budget

Cumulative through Q3 12 - Billions LBP	Jan-Sep 11	Jan-Sep 12	% Change
Revenues	10,480	10,834	3.38%
Expenditures	12,584	13,938	10.76%
Government Surplus (Deficit)	-2,104	-3,104	47.53%
Primary Surplus (Deficit)	2336	979	-58.09%

Source: MoF

► Public Debt

Billions LBP	2009	2010	2011	Sep 2012	YTD
• Gross Public Debt (a+b)	77,111	79,301	80,869	84,521	4.52%
a. Local Currency Debt	44,973	48,255	49,340	50,095	1.53%
i. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ¹	10,334	13,130	16,374	16,079	-1.80%
ii. Commercial Banks	27,286	27,214	25,177	25,933	3.00%
iii. Other Local Currency Debt (T-Bills)	7,353	7,911	7,789	8,083	3.77%
iv. o/w Public Entities	6,078	6,268	6,538	6,734	3.00%
v. Accrued Interest Included in Debt	999	867	788	764	-3.05%
b. Foreign Currency Debt²	32,138	31,046	31,529	34,426	9.19%
i. Bilateral, Multilateral and Foreign Private Sector Loans	2,713	2,627	2,566	2,627	2.38%
ii. Paris II related Debt (Eurobonds and Loans) ³	4,819	4,137	3,512	3,124	-11.05%
iii. Paris III related Debt (Eurobonds and Loans) ⁴	1,963	1,855	1,723	1,294	-24.90%
iv. Market-issued Eurobonds	21,736	21,870	23,259	26,672	14.67%
v. Accrued interest on Eurobonds	460	483	407	603	48.16%
vi. Special T-Bills in Foreign Currency⁵	447	74	80	106	32.50%
• Public Sector Deposits	10,522	11,419	10,984	12,383	12.74%
• Net Total Debt	66,590	67,882	69,903	72,138	3.20%
• Gross Market Debt⁶	51,231	51,308	50,192	54,678	8.94%
• Gross Market Debt as % of Gross Public	67%	65%	62%	65%	4.84%

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 for Dec 05—Dec 10 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

LBP 3,413 billion increase in USD Eurobonds to support a "Debt Replacement Agreement" between MOF and BDL in exchange for T-Bills in LBP.

► Domestic Debt by Maturity

Billions LBP	Q4 11	Q1 12	Q2 12	Q3 12	YOY	YTD
• 3 Month T-Bills	127	335	206	101	-67.73%	-20.47%
• 6 Month T-Bills	1,569	1,016	957	1,216	-24.61%	-22.50%
• 12 Month T-Bills	887	1,148	1,276	872	-52.40%	-1.69%
• Long Term Bonds*	46,512	47,765	45,863	47,706	3.07%	2.57%
• Loans	245	227	206	200	-21.57%	-18.37%
• Total	49,340	50,491	48,508	50,095	-0.41%	1.53%

* 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	Q4 11	Q1 12	Q2 12	Q3 12	YOY	YTD
• Foreign Currency Debt (Millions USD)	20,911	20,586	23,088	22,869	8.91%	9.36%
• Local Currency Debt	49,340	50,491	48,508	50,095	-0.41%	1.53%
• Net Local Currency Debt	38,356	39,684	36,234	37,712	0.77%	-1.68%
• Net Total Debt	69,879	70,717	71,039	72,187	4.50%	3.30%

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 11	Q1 12	Q2 12	Q3 12	YOY	YTD
• Currency in Circulation	2,706	2,643	2,724	2,797	1.98%	3.35%
• M1 (Currency in circulation + sight deposits in LBP)	5,906	5,885	6,170	6,324	8.13%	7.09%
• M2 (M1 + other deposits in LBP)	57,898	59,592	61,409	62,625	11.40%	8.16%
• M3 (M2 + deposits in foreign currencies, other financial liabilities)	145,630	148,017	150,794	152,297	6.16%	4.58%
• M4 (M3 + Treasury bills held by non-banking system)	153,412	155,854	158,829	160,457	6.04%	4.59%

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 11	Q1 12	Q2 12	Q3 12	YoY	YTD
• Assets						
a. Reserves	71,535	75,544	77,180	78,967	16.29%	10.39%
i. Vault Cash	392	426	433	490	8.85%	24.87%
ii. Deposits with Central Bank	71,143	75,118	76,747	78,478	16.34%	10.31%
b. Claims on Private Sector	51,594	52,944	54,529	55,692	11.49%	7.94%
i. Claims on Private Sector in LBP	12,821	13,329	13,795	14,362	17.26%	12.02%
ii. Claims on Private sector in Foreign Currencies	38,774	39,614	40,734	41,331	9.62%	6.59%
c. Claims on Public Sector	44,055	43,442	44,266	45,242	0.48%	2.70%
d. Foreign Assets	38,436	39,635	37,170	37,223	-5.93%	-3.16%
e. Fixed Assets (land, buildings, vehicles, etc)	5,131	5,154	5,176	5,192	2.64%	1.19%
f. Unclassified Assets	1,166	1,458	1,619	1,335	15.07%	14.49%
Total Assets	211,918	218,176	219,940	223,652	7.18%	5.54%

Resident depositors opted for more attractive rates in LBP despite uncertainties

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Share of loans in LBP rose to 25% partly due to supportive BDL policies

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Decreased Dollarization

• Liabilities

a. Total Private Sector Deposits	142,385	145,193	147,140	148,894	6.23%	4.57%
i. Demand Deposits in LBP of Private Sector	3,201	3,292	3,470	3,507	12.98%	9.56%
ii. Time and Saving Deposits in LBP of Private Sector	52,188	53,923	55,108	56,239	10.86%	7.76%
iii. Private Sector Deposits in Foreign Currencies	86,997	87,978	88,561	89,148	3.27%	2.47%
b. Public Sector Deposits	2,999	3,102	3,040	3,451	34.02%	15.06%
c. Non Resident Private Sector Deposits	32,054	33,028	33,584	34,646	12.57%	8.09%
d. Non Resident Financial Sector Deposits	8,764	9,766	9,312	9,196	-6.82%	4.93%
e. Other Financial Liabilities	661	675	646	651	-11.68%	-1.59%
f. Capital Accounts (net result of international investment inflow)	16,162	16,550	17,850	17,927	14.60%	10.92%
g. Unclassified Liabilities	8,893	9,863	8,367	8,888	-0.26%	-0.06%

Total Liabilities	211,918	218,176	219,940	223,652	7.18%	5.54%
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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

	Q4 11	Q1 12	Q2 12	Q3 12	YoY	TTM
• Consumer Price Index (indexed from 01/01/2008)	117.6	119.4	118.0	128.2	10.23%	4.82%
• Coincident Indicator	265.5	264.8	261.0	243.5	-1.85%	1.62%
• Real Estate Indicators						
- Construction Permits Issued	3,983,511	3,568,599	3,965,880	3,210,051	-10.71%	-11.31%
- Cement Deliveries	1,385,709	992,091	1,594,685	1,336,354	-11.07%	-3.86%
• Beirut Airport Indicators (passengers)						
- Arrivals	692,945	594,869	802,018	821,737	-5.99%	4.64%
- Departures	658,749	632,048	700,654	976,323	0.72%	7.49%
- Transfers	13,640	15,462	13,652	12,250	-24.57%	-1.22%
• Port of Beirut Indicators						
- Freight Incoming	1,450,934	1,443,452	1,636,494	1,641,823	2.79%	6.50%
- Freight Outgoing	201,052	190,828	215,082	212,809	16.56%	4.57%
- Transit and Freezone Freight	31,703	40,542	33,621	36,417	57.34%	-7.43%
• Energy Indicators						
- Electricity Production (millions of kWh)	1,085	2,962	2,628	2,665	-22.26%	-11.30%
- Imports of Petroleum Derivatives ('000 metric tons)	435,448	1,535,770	1,217,520	1,768,056	20.10%	14.59%
• Check Indicators						
- Checks Cleared in Foreign Currencies	817,610	2,282,040	2,356,696	2,413,840	24.57%	7.09%
- Value of Checks Cleared in Foreign Currencies (millions USD)	5,178	13,777	13,794	14,388	-10.81%	1.08%
- Checks Cleared in Lebanese Pounds	326,399	892,968	882,332	896,090	-36.96%	-13.57%
- Value of Checks Cleared in Lebanese Pounds (millions LBP)	1,729,078	5,411,504	5,466,365	5,693,599	8.99%	3.17%

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

Real estate indicators + value of property transactions show slowdown, although property prices held up

► Trade Indicators

Billions LBP	Q4 11	Q1 12	Q2 12	Q3 12	YoY
• Exports	1,561	1,739	1,536	1,698	1.20%
• Imports	8,672	9,008	7,396	7,763	-0.54%
• Trade Balance	-7,111	-7,269	-5,860	-6,066	-1.01%
• Balance of Payments	-689	-563	-977	-1,373	-14.08%
• Customs Revenue	574	558	591	609	3.40%

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 11	Q1 12	Q2 12	Q3 12	YoY
• United States	1,306	1,844	513	777	82.10%
• Italy	703	659	618	636	-16.66%
• China	608	578	700	669	2.88%
• France	572	614	571	579	-7.92%
• Germany	448	397	488	478	16.02%
• Turkey	332	401	346	367	1.02%
• Greece	107	175	300	466	334.09%
• Egypt	330	354	221	378	-22.35%
• Kuwait	10	463	14	11	5.57%
• United Kingdom	189	161	231	199	5.19%
• Rest of the World	3,402	3,364	3,395	3,208	2.32%

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	Q4 11	Q1 12	Q2 12	Q3 12	YoY
• South Africa	256	365	247	390	44.50%
• Switzerland	182	291	92	203	-23.85%
• Saudi Arabia	114	129	156	126	14.14%
• UAE	126	136	154	116	1.44%
• Syria	98	83	108	103	24.37%
• Iraq	50	52	75	96	52.36%
• Turkey	75	71	54	54	-53.63%
• Jordan	54	50	55	52	8.32%
• Belgium	42	77	38	35	-35.55%
• Egypt	27	28	32	32	60.85%
• Rest of the World	517	458	796	493	-6.85%

Exports to Syria increased as the country sees need of necessities partially met by Lebanese products

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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