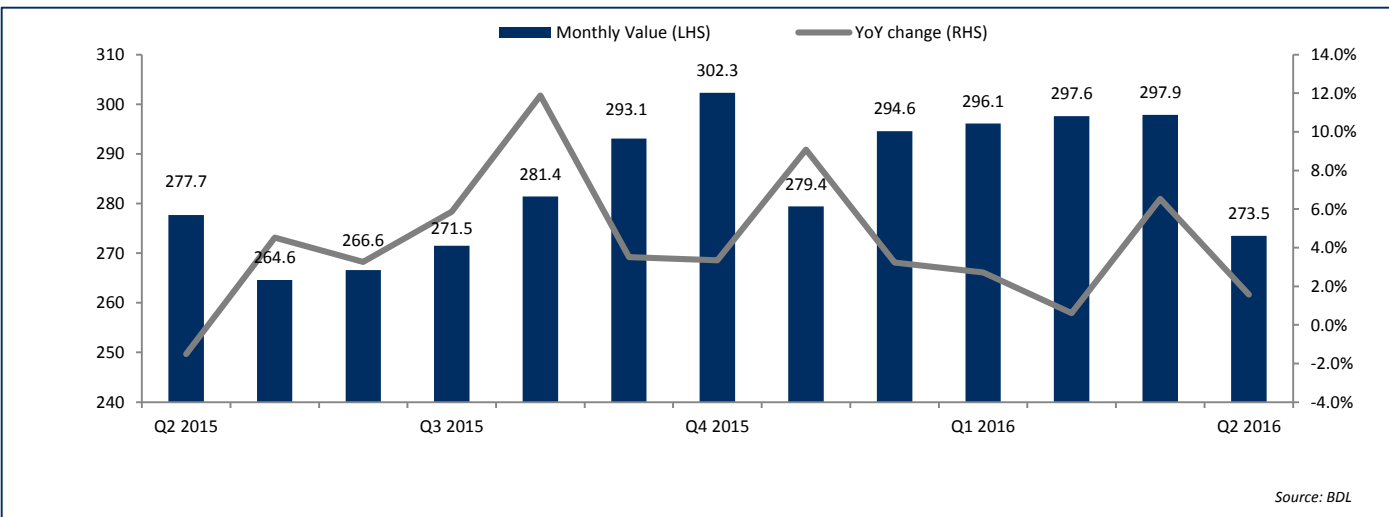


## Lebanon Economic Highlights – Q2 2016

### BDL Coincident Indicator down -1.5% YoY in June 2016:

BDL Coincident Indicator decreased -1.5% YoY to 273.5 in June 2016 from 277.7 in June 2015. BDL Coincident Indicator also declined -8.2% MoM from 297.9 in May 2016. BDL Coincident Indicator was created in 1994 by the BDL as a monthly estimate of the Gross Domestic Product (GDP). It includes eight economic indicators that seek to reflect the current state of the economy in Lebanon. The economic variables that compose the BDL Coincident Indicator are: electricity production, cement deliveries, cleared checks, money supply M3, passenger flows, imports of petroleum derivatives, imports and exports.

BDL Coincident Indicator



- ❖ **Electricity Production:** Electricity production increased +10.3% YoY and +0.9% MoM to 1,134 millions of Kwh.
- ❖ **Cement Deliveries:** Cement deliveries, an indicator of construction activity, decreased -11.3% YoY and -13.9% MoM to 418,887 tons. Construction permits in surface area, an indicator of future supply in the real estate sector, decreased -1.0% YoY yet increased +10.9% MoM to 1,078,648 sqm.
- ❖ **Cleared Checks:** The total value of cleared checks in both LBP and FC decreased -7.0% YoY yet increased +1.0% MoM to USD 5,669 million. The cleared checks in LBP decreased -1.0% YoY and -0.8% MoM to LBP 2,380 billion. Those in FC decreased -9.4% YoY yet increased +1.7% MoM to USD 4,090 million.
- ❖ **Money Supply M3:** M3 increased +4.9% YoY and +0.6% MoM to LBP 190,520 billion (USD 126.4 million) in June 2016. 57.9% of money supply M3 is denominated in foreign currencies. Net foreign assets were down -7.4% YoY (+3.1% MoM), net claims on public sector were up +15.8% YoY (+4.0% MoM) and claims on private sector were up +7.1% YoY (+0.8% MoM).
- ❖ **Passenger Flows:** Passenger flows decreased -3.7% YoY and -7.5% MoM to 572,458 passengers. The number of passengers arriving to Lebanon increased +4.1% YoY and +2.3% MoM to 330,894. The number of passengers departing from Lebanon decreased -11.8% YoY and -18.0% MoM to 241,493. The number of transit passengers decreased -97.0% YoY and -81.6% MoM to 71.
- ❖ **Imports of Petroleum Derivatives:** Imports of petroleum derivatives increased +15.2% YoY and 25.5% MoM to 616,184 metric tons of petroleum derivatives.
- ❖ **Imports:** Imports decreased -9.27% YoY and -5.29% MoM to LBP 2,312 billion. China was the main source of imports, followed by Italy and Germany. The main imported goods were petroleum oils, gold and motor cars and other motor vehicles.
- ❖ **Exports:** Exports decreased -2.5% YoY yet increased +15.6% MoM to LBP 413 billion. South Africa was the main export destination followed by Saudi Arabia and UAE. The main exported goods were gold, electrical sets and rotary converters and chocolate and other food preparations.

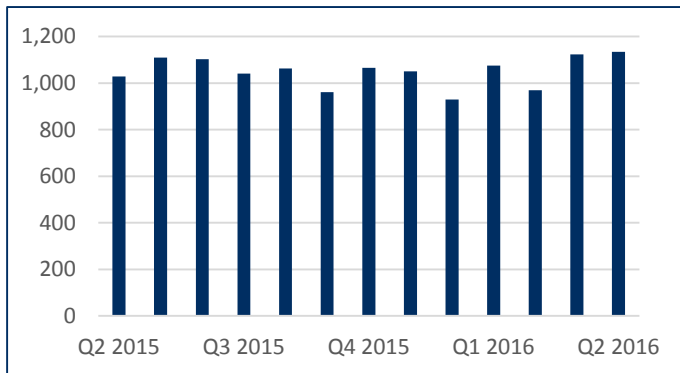
### IMF forecasts real GDP growth for Lebanon at 1.0% for 2015 and 2016:

According to the IMF, the Lebanese economy is expected to have grown by +2.8% in 2012, +2.5% in 2013 and forecasted at +2.0% in 2014, +1.0% for both 2015 and 2016 and +2.0% for 2017.

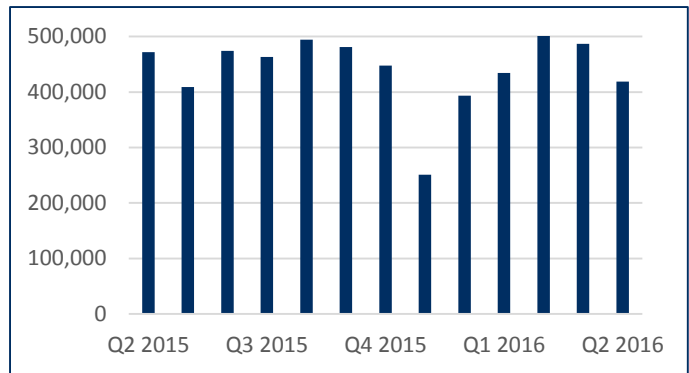
### BLOM Lebanon PMI at 44.4 in June 2016 down from 49.3 in June 2015:

BLOM Lebanon PMI was at 44.4 in June 2016 down from 49.3 in June 2015 and 45.0 in March 2016, registering the weakest quarterly average since the survey began in May 2013. The BLOM Lebanon PMI is a composite index calculated as a weighted average of five sub-components: new orders, output, employment, suppliers' delivery times and stocks of purchases. An index above 50.0 signals an improvement in business conditions on the previous month, while an index below 50.0 shows a deterioration. The sharp decline witnessed in June 2016 indicates that business conditions across the private sector are deteriorating further mainly driven by lower output and employment conditions.

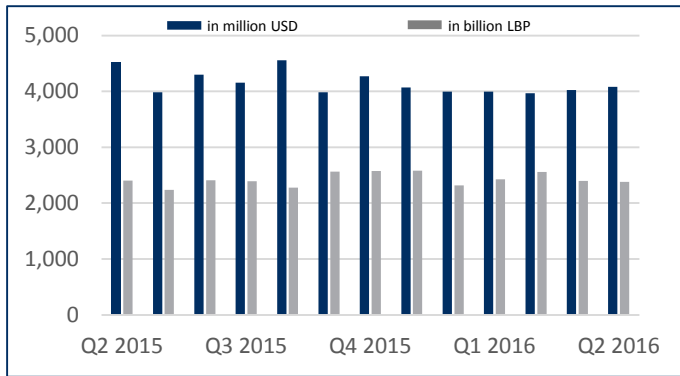
**Electricity Production (in million Kwh)**



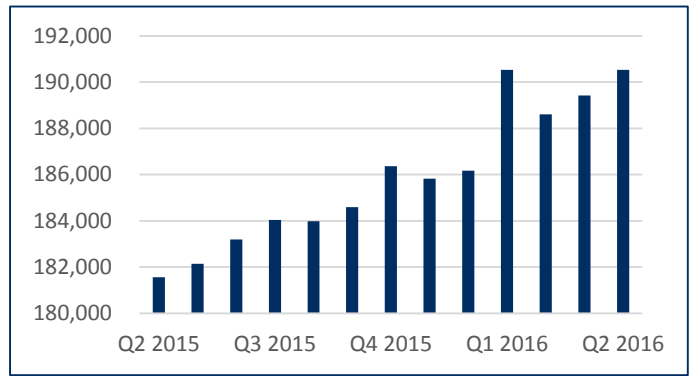
**Cement Deliveries (in tons)**



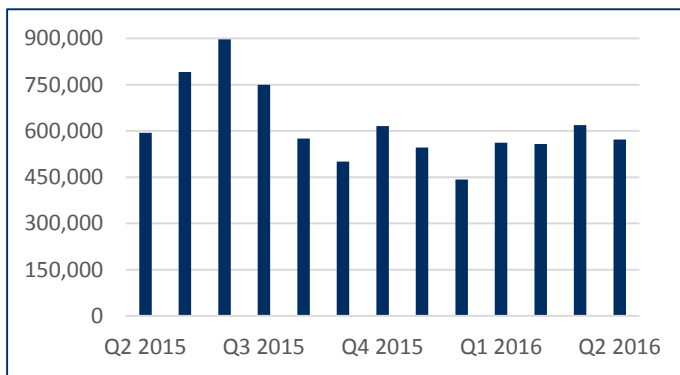
**Cleared Checks (in value)**



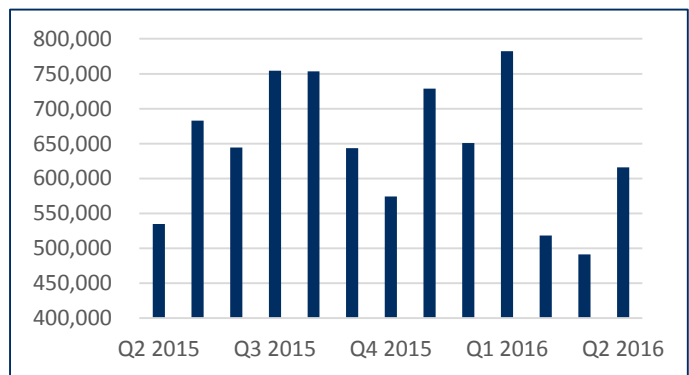
**Money Supply M3 (in billion LBP)**



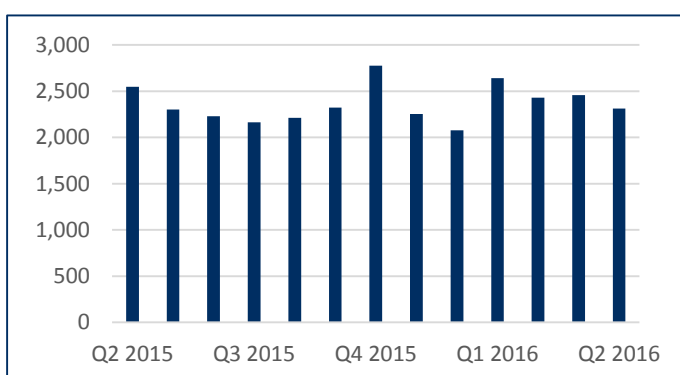
**Passenger Flows (arrivals, departures and transit)**



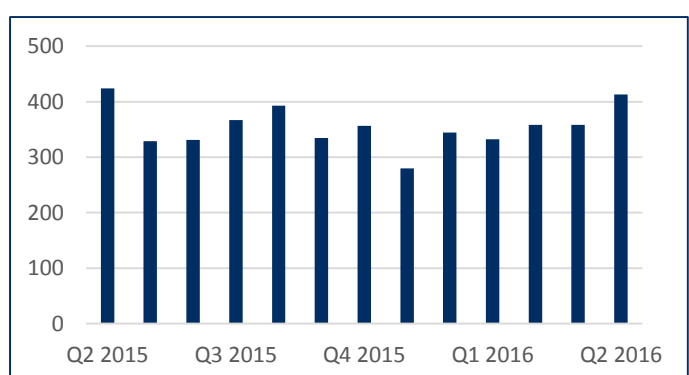
**Imports of Petroleum Derivatives (in metric tons)**



**Imports (in billion LBP)**



**Exports (in billion LBP)**





## Contacts

### Head of Research: Nadim Kabbara, CFA

n.kabbara@ffapivatebank.com +961 1 985195

### Analyst: Anna Maria Charaoui

a.charaoui@ffapivatebank.com +961 1 985195

### Analyst: Nadine Mezher

n.mezher@ffapivatebank.com +961 1 985195

### Sales and Trading, FFA Private Bank (Beirut)

+961 1 985225

### Sales and Trading, FFA Dubai Ltd (DIFC)

+971 4 3230300

## FFA Private Bank s.a.l.

One FFA Gate - Marfaa 128 - Foch Street  
Beirut Central District  
PO Box 90-1283 - Beirut - Lebanon  
Tel: +961.1.985 195  
Fax: +961.1.985 193  
<http://www.ffapivatebank.com>

## FFA Dubai Ltd

Building 5 – Office 410  
Gate Precinct  
Dubai International Financial Centre (DIFC)  
PO Box 506567 - Dubai - UAE  
Tel: +971.4.363 74 70  
Fax: +971.4.363 74 71  
<http://www.ffadubai.com>

## Disclaimer

This document has been issued by FFA Private Bank ("FFA") for informational purposes only. It does not constitute an offer or a solicitation to buy or sell the securities mentioned or to participate in any particular trading or investment strategy. Although the information herein is believed to be reliable and has been obtained from sources believed to be reliable, FFA makes no guarantee or warranty to the accuracy and thoroughness of the information mentioned and accepts no responsibility or liability for damages incurred as a result of opinions formed and decisions made based on information or opinions presented in this document. FFA makes reasonable efforts to provide accurate information and projections. However, certain statements in this document may constitute forward-looking statements or statements which may be deemed or construed to be forward-looking statements. These forward-looking statements involve, and are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance (financial or operating) or achievements to differ from the future results, performance (financial or operating) or achievements expressed or implied by such forward-looking statements. Therefore, FFA accepts no responsibility or liability for damages incurred as a result of opinions formed and decisions made based on these forward-looking statements, estimates and projections. The financial instruments discussed in this document may not be suitable for all investors and this document does not take into account particular investment objectives, financial situation or specific needs. Therefore, investors must make their own informed investment decisions. Investment transactions can lead to losses as a result of price fluctuations and other factors. One should therefore consider the appropriateness of the information provided herein in light of his own objectives, financial situation or needs before acting on the information. Opinions, estimates and projections expressed herein constitute the current judgment of the author as of the date of this document. They are subject to change without prior notice. FFA has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof if any opinion, forecast, projection or estimate contained herein changes or subsequently becomes inaccurate.