

Lebanomics

2nd Quarter of
2011

Lebanon's
Dashboard
of Economic
Indicators

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► General Macroeconomic Indicators

	2006	2007	2008	2009	2010
• Population (Millions)	3.759	3.759	3.808	3.857	3.908
• GDP¹					
- Nominal GDP (Billions LBP)	33,826	37,926	45,346	52,650	58,000
- Nominal GDP (Millions USD)	22,439	25,158	30,080	34,926	38,474
- GDP Deflator ²	705	732	800	847	889
- Nominal GDP per Capita (Thousands LBP)	8,999	10,089	11,908	13,651	14,841
- Real Growth Rate	0.6%	7.8%	9.2%	8.5%	7.0%
- Percent Change in Nominal GDP	2.6%	11.7%	19.5%	15.3%	11.4%
- Inflation ³	7.2%	5.9%	6.4%	3.4%	4.5%
• Reserves (Millions USD)					
- Gross Foreign Currency Reserves	10,207	9,778	17,062	25,660	28,598
- Gold	5,807	7,640	8,032	10,062	13,010
- Gold (Thousands Troy Ounces)	9,222	9,222	9,222	9,222	9,222
• Public Finance (Billions LBP)					
- Government Revenues	7,316	8,749	10,553	12,705	12,684
- Government Expenditures	11,879	12,587	14,957	17,167	17,047
- Government Deficit	(4,564)	(3,838)	(4,404)	(4,462)	(4,363)
- Primary Deficit / Surplus ⁴	(7)	1,102	900	1,625	1,855
- Government Deficit as a % of GDP	13.5%	10.1%	9.7%	8.5%	7.5%
• Foreign Trade					
- Current Account Balance as a % of GDP	5.3%	6.8%	9.2%	9.5%	11.1%
• Public Debt (Billions LBP)					
- Gross Public Debt	60,857	63,364	70,941	77,112	79,301
- Local Currency Debt	30,204	31,373	39,007	44,973	48,255
- Foreign Currency Debt	30,653	31,991	31,934	32,139	31,046
- Gross debt as % of GDP	180%	167%	156%	146%	137%
• Industry					
- Total Exports (Millions LBP)	3,442	4,247	5,246	5,254	5,912
- Electricity Production (Millions Kwh)	10,214	10,548	11,189	11,920	12,458
- Cement Deliveries (Thousands Tons)	3,423	3,945	4,219	4,897	5,227
• Construction					
- Construction Permits Issued (Thousands sqm)	8,693	9,038	16,024	14,340	17,608
• Commerce					
- Port of Beirut Ship Activity (Number of ships)	1,829	2,187	2,055	2,395	2,285
- Port of Beirut Activity (Thousands incoming, outgoing, transit tons)	4,342	5,351	5,917	6,494	6,472
- Beirut Airport Activity (Thousands arrivals, departures, transfers)	2,825	3,409	4,085	4,985	5,553
• Remittances (Millions USD)					
- Inflows	5,202	5,769	7,181	7,558	8,177
- Outflows	3,445	2,967	4,366	5,749	N/A
• FDI Flows (Millions USD)					
- Inward	3,132	3,376	4,333	4,804	4,955
- Outward	875	848	987	1,126	574

1. All GDP figures for 2010 are IMF estimates and may be subject to change.

2. GDP Deflator is defined as (Nominal GDP / Real GDP) * 100.

3. Inflation reflects end of period consumer prices as estimated by the IMF.

4. 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 10	Q4 10	Q1 11	Q2 11	YoY	YTD
• Assets						
- Gold	18,266	19,613	19,925	20,998	21.44%	7.07%
- Foreign Currencies	42,905	43,111	43,025	42,714	3.35%	-0.92%
- Claims on Private Sector	371	350	353	351	-3.94%	0.31%
- Loans to Banks and Financial Corporations	1,413	1,136	1,765	1,900	35.36%	67.19%
- Claims on Public Sector	246	218	206	179	-30.45%	-17.97%
- Securities Portfolio	15,574	17,681	18,377	19,262	18.29%	8.94%
- Fixed Assets	405	404	375	354	-12.41%	-12.27%
- Unclassified Assets ¹	11,487	11,868	13,045	13,914	33.19%	17.24%
Total Assets	90,667	94,381	97,072	99,672	13.55%	5.61%
• Liabilities						
- Currency in Circulation outside BDL	2,885	3088	3,020	3,133	13.45%	1.43%
- Deposits of Banks and Financial Corporations ²	59,082	59,559	62,455	64,052	13.26%	7.54%
- Liabilities to the Private Sector	44	45	24	41	1.09%	-10.00%
- Public Sector Accounts	7,370	9312	8,166	7,964	-8.66%	-14.47%
- Valuation Adjustment	9,842	11170	11,595	12,699	45.22%	13.68%
- Securities Other than Shares ³	3,015	3015	3,015	3,015	0.00%	0.00%
- Foreign Liabilities	367	353	353	337	-11.56%	-4.37%
- Special Long-term Liabilities	2,503	2503	2,503	2,503	-0.01%	0.00%
- Capital Accounts	3,276	4279	4,279	4,211	28.53%	-1.59%
- Unclassified Liabilities ⁴	2,282	1056	1,662	1,718	-3.92%	62.61%
Total Liabilities	90,667	94,381	97,072	99,672	13.55%	5.61%

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

▼ Reserves due to :
 ↗ Imports costs
 ▼ Capital inflows
 ▼ Remittances

Commercial
 banks holding
 greater liquidity
 at BDL

► Public Revenues

Billions LBP	Q3 10	Q4 10	Q1 11	Q2 11	YoY	TTM
• Total Revenues (a+b)	2,775	3,361	2,728	4,458	28.70%	3.79%
a. Treasury Receipts	178	152	178	173	4.22%	2.71%
b. Budget Revenues (i+ii)	2,597	3,209	2,550	4,285	29.93%	3.85%
i. Tax Revenues	2,340	2,317	2,244	2,924	-1.62%	1.29%
- 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)	333	327	460	1,185	23.57%	15.89%
- Taxes on Property (including Built Property Tax, Real Estate Registration Fees)	244	277	289	248	-15.07%	1.63%
- Domestic Taxes on Goods & Services (including Value Added Tax and Taxes on Goods and Services, especially Private Car Registration Fees and Passenger Departure Tax)	915	922	847	852	-3.07%	2.20%
- Taxes on International Trade (including Customs; Excises on Gasoline, Tobacco and Cars)	751	675	536	532	-25.39%	-9.67%
- Other Tax Revenue (namely fiscal stamp fees)	97	116	112	108	-16.28%	-3.56%
ii. Non-tax Revenues	258	892	305	1,362	318.10%	14.00%
- 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)	106	695	145	1,191	588.44%	15.51%
- Administrative Fees & Charges (including fees for notaries, passports, public security, vehicle control, driving licenses and judicial fees; work permit fees; and more)	120	158	131	130	4.00%	4.66%
- Penalties and Confiscations	3	2	2	3	200.00%	42.86%
- Other Non-tax Revenues (mostly retirement deductibles)	29	37	27	39	44.44%	32.00%

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

Includes LBP 1,062 billion
expected transfer from
telecom surplus

► Public Expenditures

Billions LBP	Q3 10	Q4 10	Q1 11	Q2 11	YoY	TTM
Total Expenditures	4,485	4,636	4,383	4,107	3.14%	7.86%
a. Current Expenditures	3,886	3,804	3,962	3,692	6.15%	6.58%
i. Interest Payments (including local and foreign currency debt)	1,583	1,428	1,375	1,492	0.40%	-0.02%
ii. Transfers to Electricite du Liban	401	547	504	527	53.20%	23.92%
ii. Other Current Expenditures (including personnel costs; foreign debt principal repayment; materials and supplies; and more)	1,902	1,829	2,083	1,673	1.52%	8.18%
b. Capital Expenditures (including equipment and maintenance for ongoing infrastructure construction; and more)	197	186	224	90	-33.33%	20.80%
c. Other Treasury Expenditures	388	634	188	182	-49.02%	6.99%
d. Unclassified Expenditures	1	0	0	0	-100.00%	-80.00%
e. Customs Administration	13	12	10	11	10.00%	53.33%

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 Q2 11 - Billions LBP	Jan-Jun10	Jan-Jun11	% Change
Revenues	6,547	7,186	9.76%
Expenditures	7,916	8,490	7.25%
Deficit / Surplus	-1,369	-1,304	-4.75%

Source: MoF

↑ Revenues H1 11

>

↑ Expenses H1 11

► Public Debt

Billions LBP	2008	2009	2010	Jun 2011	YTD
• Gross Public Debt (a+b)	70,941	77,112	79,301	79,208	-0.12%
a. Local Currency Debt	39,007	44,973	48,255	47,955	-0.62%
i. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ¹	8,781	10,334	13,130	15,975	21.67%
ii. Commercial Banks	24,320	27,286	27,214	24,067	-11.56%
iii. Other Local Currency Debt (T-Bills)	5,906	7,353	7,911	7,913	0.03%
iv. o/w Public Entities	5,062	6,078	6,268	6,575	4.90%
v. Accrued Interest Included in Debt	1,001	999	867	847	-2.31%
b. Foreign Currency Debt²	31,934	32,139	31,046	31,253	0.67%
i. Bilateral, Multilateral and Foreign Private Sector Loans	2,855	2,713	2,621	2,701	2.82%
ii. Paris II related Debt (Eurobonds and Loans) ³	5,456	4,819	4,137	3,856	-6.79%
iii. Paris III related Debt (Eurobonds and Loans) ⁴	1,849	1,963	1,855	1,832	-1.24%
iv. Market-issued Eurobonds	20,925	21,736	21,870	22,357	2.23%
v. Accrued interest on Eurobonds	430	460	483	432	-10.56%
vi. Special T-Bills in Foreign Currency⁵	419	447	74	74	0.00%
• Public Sector Deposits	8,326	10,522	11,419	10,448	-8.50%
• Net Debt	62,615	66,590	67,882	68,760	1.29%
• Gross Market Debt⁶	46,992	51,231	51,308	48,294	-5.87%
• Gross Market Debt as % of Gross Public	66%	66%	65%	61%	-6.15%

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

**\$ 1 Billion offered
at favorable terms
on strong demand**

► Domestic Debt by Maturity

Billions LBP	Q3 10	Q4 10	Q1 11	Q2 11	YOY	YTD
• 3 Month T-Bills	347	75	102	159	-21.29%	112.00%
• 6 Month T-Bills	949	2,111	1,725	729	-39.90%	-65.47%
• 12 Month T-Bills	1,626	1,969	1,701	1,582	-14.76%	-19.65%
• Long Term Bonds*	41,743	43,805	43,991	45,224	7.38%	3.24%
• Loans	363	295	290	261	-31.32%	-11.53%
• Total	45,028	48,255	47,809	47,955	4.79%	-0.62%

* 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 10	Q4 10	Q1 11	Q2 11	YOY	YTD
• Foreign currency Debt (Millions USD)	20,978	20,594	20,854	20,704	-1.56%	1.26%
• Local Currency Debt	45,028	48,255	47,838	47,955	4.79%	-0.86%
• Net Local Currency Debt	35,664	36,836	37,308	37,507	6.60%	1.28%
• Net Total Debt	67,289	67,882	68,746	68,718	2.71%	1.27%

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

A shift in holdings
from commercial
banks to BDL

► Monetary Indicators

Billions LBP	Q3 10	Q4 10	Q1 11	Q2 11	YOY	YTD
• Currency in Circulation	2,847	2,579	2,559	2,705	15.81%	4.89%
• M1 (Currency in circulation + sight deposits in LBP)	5,314	5,609	5,651	5,813	14.93%	3.62%
• M2 (M1 + other deposits in LBP)	58,514	59,307	55,926	55,933	0.51%	-5.69%
• M3 (M2 + deposits in foreign currencies, other financial liabilities)	134,197	137,541	138,860	141,975	10.07%	3.22%
• M4 (M3 + Treasury bills held by non-banking system)	141,816	145,406	146,694	149,814	9.71%	3.03%

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 10	Q4 10	Q1 11	Q2 11	YoY	YTD
• Assets						
a. Reserves	60,236	61,154	63,353	65,562	14.57%	7.21%
i. Vault Cash	405	375	428	436	7.29%	16.23%
ii. Deposits with Central Bank	59,831	60,778	62,924	65,125	14.62%	7.15%
b. Claims on Private Sector	43,507	45,702	46,658	48,766	21.04%	6.71%
i. Claims on Private Sector in LBP	9,584	10,382	10,845	11,645	40.05%	12.17%
ii. Claims on Private sector in Foreign Currencies	33,923	35,320	35,813	37,122	16.10%	5.10%
c. Claims on Public Sector	43,992	44,192	42,564	41,676	-4.61%	-5.69%
d. Foreign Assets	38,383	38,784	41,312	42,747	19.62%	10.22%
e. Fixed Assets (land, buildings, vehicles, etc)	4,600	4,188	5,465	5,014	11.25%	19.72%
f. Unclassified Assets	349	335	372	395	-19.22%	17.87%
Total Assets	191,065	194,355	199,725	204,160	12.22%	5.05%

• Liabilities						
a. Total Private Sector Deposits	130,361	133,743	135,382	138,054	10.61%	3.22%
i. Demand Deposits in LBP of Private Sector	2,863	2,951	3,077	3,082	12.14%	4.43%
ii. Time and Saving Deposits in LBP of Private Sector	51,719	52,086	49,088	49,115	-0.65%	-5.70%
iii. Private Sector Deposits in Foreign Currencies	75,779	78,707	83,217	85,858	18.21%	9.09%
b. Public Sector Deposits	1,994	2,107	2,364	2,483	42.00%	17.82%
c. Non Resident Private Sector Deposits	26,198	27,866	27,647	30,006	21.25%	7.68%
d. Non Resident Financial Sector Deposits	7,999	6,785	9,775	8,593	6.19%	26.65%
e. Other Financial Liabilities	272	412	264	639	365.13%	55.16%
f. Capital Accounts (net result of international investment inflow)	13,715	13,901	14,342	15,609	20.94%	12.28%
g. Unclassified Liabilities	10,526	9,540	9,952	8,777	-7.48%	-8.00%
Total Liabilities	191,065	194,355	199,725	204,160	12.22%	5.05%

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 10	Q4 10	Q1 11	Q2 11	YoY	TTM
• Consumer Price Index (indexed from 01/01/2008)	111	114.1	114.9	115.7	6.05%	4.90%
• Coincident Indicator	229	255.5	252.9	261.8	4.76%	3.44%
• Real Estate Indicators						
- Construction Permits Issued ('000 sqm)	4,725	4,463	3,677	4,871	5.86%	7.87%
- Cement Deliveries ('000 tons)	1,282	1,358	1,035	1,626	10.05%	3.61%
• Beirut Airport Indicators (passengers)						
- Arrivals	848,163	660,174	489,705	758,472	2.65%	3.95%
- Departures	955,888	638,844	520,213	632,482	4.25%	4.07%
- Transfers	8,908	11,211	14,826	13,406	24.00%	34.61%
• Port of Beirut Indicators						
- Freight Incoming	1,280,870	1,368,043	1,368,533	1,462,207	-2.92%	-4.03%
- Freight Outgoing	200,336	186,951	182,263	232,187	5.89%	3.26%
- Transit and Freezone Freight	30,034	34,728.00	49,934	45,901	-3.15%	-6.72%
• Energy Indicators						
- Electricity Production (millions of kWh)	3,459	2,988	3,018	3,094	7.02%	2.36%
- Imports of Petroleum Derivatives ('000 metric tons)	1,619	1,283	1,338	1,248	2.18%	9.08%
• Check Indicators						
- Checks Cleared in Foreign Currencies	2,432,279	2,384,679	2,201,361	2,317,622	-1.27%	1.42%
- Value of Checks Cleared in Foreign Currencies (millions USD)	13,410	12,943	13,303	13,695	-1.35%	0.89%
- Checks Cleared in Lebanese Pounds	890,015	919,371	891,602	942,789	9.08%	5.69%
- Value of Checks Cleared in Lebanese Pounds (billions LBP)	5,208,773	5,399,827	5,544,755	5,218,242	6.93%	14.76%

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 - Stable

Source: Fitch, Moody's, S&P

► Trade Indicators

Billions LBP	Q3 10	Q4 10	Q1 11	Q2 11	YoY
• Exports	1,359	1,868	1,439	1,752	-7.24%
• Imports	6,947	7,199	6,902	7,010	10.86%
• Trade Balance	-5,588	-5,331	-5,462	-5,258	12.12%
• Balance of Payments	2,452	579	-602	-121	-123.85%
• Customs Revenue	716	701	560	558	-24.7%

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

General Imports in Billions of LBP	Q3 10	Q4 10	Q1 11	Q2 11	YoY
• Italy	517	574	716	628	26.58%
• United States	706	1108	826	460	2.6%
• China	700	598	541	663	6.45%
• France	474	497	477	596	37.02%
• Germany	519	473	405	464	-8.60%
• Egypt	139	164	188	428	120.04%
• Turkey	264	257	362	252	0.17%
• Switzerland	266	213	253	306	130.25%
• Great Britain	232	246	218	249	31.86%
• UAE	135	147	201	214	47.17%
• Rest of the World	3,069	3,109	2,997	2,936	-3.46%

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 10	Q4 10	Q1 11	Q2 11	YoY
• South Africa	85	94	159	330	220.23%
• France	100	25	337	418	318.80%
• Switzerland	78	186	141	210	-24.17%
• UAE	25	337	170	149	-24.71%
• Saudi Arabia	158	144	130	160	37.11%
• Iraq	176	193	123	128	-0.29%
• Turkey	157	122	110	120	17.06%
• Syria	107	121	85	82	-23.29%
• Jordan	85	86	46	57	36.08%
• Belgium	43	60	55	45	-3.45%
• Rest of the World	634	657	765	853	34.52%

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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