

Lebanomics

2nd Quarter of
2010

Lebanon's
Dashboard
of Economic
Indicators

Contacts

Head of Research and Advisory: Nadim Kabbara, CFA
n.kabbara@ffaprivatebank.com +961 1 985195

Analyst: Oliver Noteware
o.noteware@ffaprivatebank.com +961 1 985195

Sales and Trading, FFA Private Bank (Beirut)
+961 1 985225

Sales and Trading, FFA Dubai Ltd (DIFC)
+ 971 4 3230300

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► General Macroeconomic Indicators

	2005	2006	2007	2008	2009
• Population (Millions)	3.754	3.759	3.759	3.808	3.857
• GDP¹					
- Nominal GDP (Billions LBP)	32,955	33,826	37,758	44,245	49,236
- Nominal GDP (Millions USD)	21,861	22,438	25,047	29,350	32,660
- GDP Deflator ²	678	692	718	776	807
- Nominal GDP per Capita (Thousands LBP)	8,779	8,999	10,045	11,619	12,764
- Real Growth Rate	1.10%	0.60%	7.50%	8.50%	7.00%
- Percent Change in Nominal GDP	1.84%	2.64%	11.63%	17.18%	11.28%
- Inflation ³	0.52%	7.21%	5.96 %	6.36%	2.90%
• Reserves (Millions USD)					
- Gross Foreign Currency Reserves	9,845	10,207	9,778	17,062	25,660
- Gold	4,736	5,807	7,640	8,032	10,062
- Gold (Thousands of troy ounces)	9,222	9,222	9,222	9,222	9,222
• Public Finance (Billions LBP)					
- Government Revenues	7,405	7,295	8,749	10,553	12,705
- Government Expenditures	10,203	11,877	12,587	14,957	17,167
- Government Overall Deficit	-2,798	-4,582	-3,838	-4,404	-4,462
- Primary Deficit/Surplus ⁵	737	-25	1,102	900	1,625
• Public Debt					
- Net Domestic Debt (Billions LBP)	23,551	25,760	26,846	30,681	34,451
- Public External Debt (Millions USD)	19,134	20,330	21,221	21,148	21,364
- Gross Public Debt as % of GDP ⁶	176%	180%	168%	162%	156%
• Industry					
- Total Exports (Billions LBP)	2,835	3,442	4,247	5,246	5,383
- Electricity Production (Millions of KWH)	10,581	10,214	10,548	11,189	11,920
- Cement Deliveries (Thousands of tons)	3,040	3,423	3,945	4,219	4,897
• Construction					
- Construction Permits Issued ('000 sqm)	9,213	8,693	9,038	16,023	14,338
• Commerce					
- Port of Beirut Ship Activity (Number of ships)	2,229	1,829	2,187	2,055	2,395
- Port of Beirut Activity ('000s Incoming, Outgoing and Transit tons)	4,805	4,342	5,351	5,917	6,494
- Beirut Airport Activity ('000s Arrivals, Departures and Transfers)	3,282	2,825	3,409	4,085	4,985

1. All GDP figures for 2009 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 IMF

4. Current Account Balance is defined as "all transactions other than those in financial and capital items. The major classifications are goods and services, income and current transfers. The focus of the BOP is on transactions (between an economy and the rest of the world) in goods, services, and income.

5. Surplus or deficit, excluding domestic debt

6. Calculated using IMF estimate for GDP and may be subject to change

Note: Exchange rate of 1,507.5 LBP/1 USD used to convert between currencies.

Source: IMF, BDL, MoF, Port of Beirut

► Central Bank Balance Sheet

Billions LBP	Q3 09	Q4 09	Q1 10	Q2 10	YoY	YTD
• Assets						
- Gold	13,939	15,169	15,419	17,291	32.40%	14.00%
- Foreign Currencies	34,988	38,682	40,953	41,328	32.96%	6.84%
- Claims on Private Sector	329	333	352	365	14.31%	9.76%
- Loans to Banks and Financial Corporations	1,772	1,803	1,847	1,404	-20.76%	-22.15%
- Claims on Public Sector	315	292	280	257	-21.19%	-11.86%
- Securities Portfolio	15,297	15,525	16,101	16,284	1.55%	4.89%
- Fixed Assets	420	411	410	405	-3.37%	-1.48%
- Unclassified Assets ¹	8,856	8,812	9,263	10,447	27.83%	18.55%
• Total Assets	75,916	81,027	84,625	87,781	23.31%	8.34%
• Liabilities						
- Currency in Circulation outside BDL	2,686	2,730	2,731	2,761	2.90%	1.16%
- Deposits of Banks and Financial Corporations ²	49,488	51,950	55,366	56,552	18.38%	8.86%
- Liabilities to the Private Sector	39	36	32	40	14.75%	12.65%
- Public Sector Accounts	6,916	8,932	9,075	8,719	71.60%	-2.38%
- Valuation Adjustment	5,532	6,761	6,959	8,744	90.45%	29.34%
- Securities Other than Shares ³	3,015	3,015	3,015	3,015	0.00%	0.00%
- Foreign Liabilities	589	594	409	381	-32.79%	-35.78%
- Special Long-term Liabilities	2,558	2,520	2,503	2,503	-3.61%	-0.64%
- Capital Accounts	2,355	3,342	3,342	3,276	39.22%	-1.98%
- Unclassified Liabilities ⁴	2,738	1,149	1,193	1,788	-28.34%	55.65%
• Total Liabilities	75,916	81,027	84,625	87,781	23.31%	8.34%
<p>Note: Totals may be slightly off due to rounding</p> <p>1. Unclassified assets include the following items: other debtor accounts, counterpart securities, accounts receivable, a regularization account, inventory and fixed assets.</p> <p>2. Includes investment banks and financial institutions.</p> <p>3. Certificates of Deposit issued by BDL in April 2005, for an amount of U.S.\$ 2 billion with a maturity of 10 years.</p> <p>4. Unclassified liabilities include the following: notes payable, other creditor accounts and regularization accounts</p> <p>YOY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year</p> <p>Source: BDL</p>						

Driven by
record high gold prices

► Public Revenues

Billions LBP	Q3 09	Q4 09	Q1 10	Q2 10	YoY	TTM
• Total Revenues (a+b)	3,031	3,256	3,084	3,464	-3.51%	9.04%
a. Treasury Receipts	145	182	170	166	-16.58%	-0.15%
b. Budget Revenues (i+ii)	2,886	3,074	2,914	3,298	-2.74%	9.59%
i. Tax Revenues	2,150	2,231	2,361	2,958	14.96%	16.64%
- 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)	286	313	431	959	10.61%	11.80%
- Taxes on Property (including Built Property Tax, Real Estate Registration Fees)	191	283	275	292	76.97%	31.11%
- Domestic Taxes on Goods & Services (including Value Added Tax and Taxes on Goods and Services, especially Private Car Registration Fees and Passenger Departure Tax)	860	854	867	879	12.26%	10.58%
- Taxes on International Trade (including Customs; Excises on Gasoline, Tobacco and Cars)	712	673	663	713	8.19%	*23.76%
- Other Tax Revenue (namely fiscal stamp fees)	101	108	125	115	16.16%	17.23%
ii. Non-tax Revenues	736	843	553	340	-58.44%	-11.43%
- Income from Public Institutions and Gov't Properties (including non-financial public enterprises such as Casino du Liban, Port of Beirut, National Lottery and Telecoms; transfer from BDL; Property Income, namely rent from RHIA; other interests)	596	673	394	187	-72.54%	-15.14%
- Administrative Fees & Charges (including fees for notaries, passports, public security, vehicle control, driving licenses and judicial fees; work permit fees; and more)	113	145	132	125	11.61%	0.59%
- Penalties and Confiscations	2	2	2	1	0.00%	0.00%
- Other Non-tax Revenues (mostly retirement deductibles)	25	23	25	27	12.50%	8.70%

Note: Totals may be slightly off due to rounding

*: The hike in the international fuel prices during the 2nd and 3rd quarters of 2008, in the context of the domestic price capping regime prevailing throughout 2008 reduced significantly the petroleum excise rate, reaching 0 LL/liter of gasoline for 6 months in a row starting April 08. The substantial drop in international fuel prices by the end of 2008 provided an opportunity to the Government to uncapping the retail price of gasoline and to fix the excise rate at an average of LL 470/liter (as per COM decision #9 dated January 23rd, 2009), restoring a regular stream of revenues to the Treasury.

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

Seasonal effect
of receiving
bulk of business
taxes in Q2

Lower revenues
due to no transfers
from Telecom budget
surplus

Public Expenditures

Billions LBP	Q3 09	Q4 09	Q1 10	Q2 10	YoY	TTM
• Total Expenditures	4,034	4,367	3,944	3,982	-5.84%	-1.23%
a. Current Expenditures	3,159	3,461	3,046	3,134	-0.25%	11.86%
i. Interest Payments (including local and foreign currency debt)	1,393	1,604	1,396	1,486	4.87%	10.67%
ii. Other Current Expenditures (including personnel costs; foreign debt principal repayment; materials and supplies; and more)	1,766	1,857	1,650	1,648	-4.46%	12.89%
b. Capital Expenditures (including equipment and maintenance for ongoing infrastructure construction; and more)	117	152	173	135	3.05%	8.87%
c. Other Treasury Expenditures	748	736	713	701	-25.74%	-35.69%
i. Transfers to Electricite du Liban	232	516	505	344	-19.25%	-41.99%
ii. Other (including expenditures on guarantees and deposits; VAT refunds; High Relief Committee)	516	220	208	357	-31.08%	-25.78%
d. Unclassified Expenditures	1	1	1	2	100.00%	66.67%
e. Customs Cashiers	9	17	11	10	-9.09%	-4.08%

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

Expenditures down from:
- Fewer transfers to EDC
- No transfers to High Relief Committee

Government Budget

Cumulative through Q2 10 - Billions LBP	Jan-Jun 09	Jan-Jun 10	% Change
• Revenues	6,075	6,210	2.22%
• Expenditures	8,766	7,926	-9.58%
• Balance	-2,691	-1,716	-36.23%

Source: MoF

► Public Debt

Billions LBP	2007	2008	2009	Jun 10	YTD
• Gross Public Debt (a+b)	63,350	70,888	77,075	76,910	-0.21%
a. Local Currency Debt	31,373	39,007	44,973	45,439	1.04%
i. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ¹	9,052	8,781	10,334	10,573	2.31%
ii. Commercial Banks	16,847	24,320	27,286	27,396	0.40%
iii. Other Local Currency Debt (T-Bills)	5,474	5,906	7,353	7,470	1.59%
b. Foreign Currency Debt²	31,977	31,881	32,102	31,471	-1.97%
i. Bilateral, Multilateral and Foreign Private sector loans	2,953	2,802	2,676	24,98	-6.67%
ii. Paris II related debt (Eurobonds and Loans) ³	6,063	5,456	4,819	4,416	-8.38%
iii. Paris III related debt (Eurobonds and loans) ⁴	1,357	1,849	1,963	1,873	- 4.60%
iv. Market-Issued Eurobonds	20,776	20,925	21,736	21,764	0.13%
v. Accrued interest on Eurobonds	410	430	460	449	-2.39%
vi. Special T-Bills in Foreign currency⁵	419	419	447	471	5.37%
• Public sector deposits	4,527	8,326	10,522	10,368	-1.46%
• Net debt	58,823	62,562	66,553	66,542	-0.02%
• Gross Market debt⁶	39,216	46,992	51,231	51,561	0.65%
• Gross Market debt as % of Gross Public Debt	62%	66%	67%	67%	0.79%

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 debt as they are government guaranteed.
2. Figures for Dec 04 - Dec 08 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 Eurobond originally issued at USD 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

Redemption of Paris II Eurobonds responsible for ↓

► Domestic Debt By Type of Instrument

Billions LBP	Q3 09	Q4 09	Q1 10	Q2 10	YoY	YTD
• 3 Month T-Bills	162	152	97	187	21.43%	23.03%
• 6 Month T-Bills	923	1,510	1,224	989	64.56%	-34.50%
• 12 Month T-Bills	1,609	2,073	1,794	1,864	46.54%	-10.08%
• Long Term Bonds*	38,870	40,842	42,140	42,032	14.45%	2.91%
• Loans	410	396	398	367	-10.05%	-7.32%
• Total	41,974	44,973	45,653	45,439	16.03%	1.04%

* (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: BDL

T-bill auctions resumed after 1 month halt in March

► Public Debt By Type

Billions LBP	Q3 09	Q4 09	Q1 10	Q2 10	YoY	YTD
• External Debt (Millions USD)	21,313	21,258	21,184	20,876	-2.38%	-1.80%
• Net Total Debt	41,974	44,973	45,653	45,439	16.03%	1.04%
• Net Domestic Debt	33,583	34,451	34,998	35,071	7.57%	1.80%
• Gross Domestic Debt	65,713	66,497	66,933	66,541	2.62%	0.07%

YOY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year
 Source: BDL

► Monetary Indicators

Billions LBP	Q3 09	Q4 09	Q1 10	Q2 10	YoY	YTD
• Currency in Circulation	2,311	2,335	2,265	2,360	6.33%	1.04%
• M1 (Currency in circulation + sight deposits in LBP)	4,749	4,799	4,861	5,123	14.18%	6.76%
• M2 (M1+other deposits in LBP)	46,524	50,101	53,478	56,369	31.98%	12.51%
• M3 (M2+deposits in foreign currencies, other financial liabilities)	116,642	122,018	126,199	129,913	17.22%	6.47%
• M4 (M3+Treasury bills held by non-banking system)	123,494	128,902	133,703	137,503	17.41%	6.67%

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

Jump in liquidity in Lebanese Lira

► Commercial Banks' Balance Sheet

Billions LBP	Q3 09	Q4 09	Q1 10	Q2 10	YoY	YTD
• Assets						
a. Reserves	50,912	53,575	56,919	57,474	16.89%	7.28%
i. Vault Cash	351	347	383	389	5.77%	12.15%
ii. Deposits with Central Bank	50,561	53,228	56,536	57,085	16.98%	7.25%
b. Claims on Private Sector	35,285	36,570	38,883	41,324	22.19%	13.00%
i. Claims on Private Sector in LBP	6,304	6,838	7,646	8,653	50.66%	26.56%
ii. Claims on Private Sector in Foreign Currencies	28,981	29,733	31,237	32,671	16.36%	9.88%
c. Claims on Public Sector	41,263	43,812	44,483	43,904	15.21%	0.21%
d. Foreign Assets	33,409	35,698	35,616	35,743	17.50%	0.13%
e. Fixed Assets (land, buildings, vehicles, etc.)	4,239	3,783	4,497	4,564	8.07%	20.65%
f. Unclassified Assets	563	303	371	425	-9.31%	40.23%
• Total Assets	165,671	173,740	180,770	183,433	17.43%	5.58%
• Liabilities						
a. Total Private Sector Deposits	114,387	119,383	123,713	125,717	15.87%	5.31%
i. Demand Deposits in LBP of Private Sector	2,364	2,410	2,581	2,784	20.96%	15.51%
ii. Time and Saving Deposits in LBP of Private Sector	41,595	45,328	48,285	50,102	31.72%	10.53%
iii. Private Sector Deposits in Foreign Currencies	70,428	71,645	72,847	72,830	6.85%	1.65%
b. Public Sector Deposits	1,475	1,590	1,580	1,649	11.61%	3.73%
c. Non Resident Private Sector Deposits	23,089	24,984	24,226	25,218	21.17%	0.94%
d. Non Resident Financial Sector Deposits	7,246	6,935	8,306	7,627	10.47%	9.98%
e. Other Financial Liabilities	102	143	141	172	73.22%	20.56%
f. Capital Accounts (net result of international investment inflow)	11,430	11,977	11,910	13,492	19.16%	12.65%
g. Unclassified Liabilities	7,940	8,728	10,892	9,559	34.76%	9.52%
• Total Liabilities	165,671	173,740	180,770	183,433	17.43%	5.58%
YOY figures represent the percent difference between the most recent quarter as compared to the same quarter of the previous year						
Source: BDL						

Greater holdings
in Lebanese Liras

► Other Economic Indicators

	Q3 09	Q4 09	Q1 10	Q2 10	YoY	TTM
• Consumer Price Index (indexed from 01/01/2008)	106.7	109.1	109.5	109.1	3.41%	2.48%
• Real Estate Indicators						
- Construction Permits Issued ('000 sqm)	1,306	1,222	1,109	1,477	14.65%	-4.48%
- Cement Deliveries ('000 tons)	2,830	5,234	3,776	4,600	3.65%	10.96%
• Beirut Airport Indicators (passengers)						
- Arrivals	798,514	602,032	512,246	738,891	9.36%	15.60%
- Departures	892,785	588,939	551,530	606,699	17.28%	18.62%
- Transfers	7,092	8,634	9,381	10,811	25.62%	-1.49%
• Port of Beirut Indicators ('000 tons)						
- Freight Incoming	1,476	1,377	1,349	1,506	3.86%	8.20%
- Freight Outgoing	182	161	213	219	31.69%	12.44%
- Transit and Freezone Freight	41	49	34	47	7.06%	5.17%
• Energy Indicators						
- Electricity Production (millions of kWh)	3,287	2,971	3,120	2,891	-0.69%	6.10%
- Imports of Petroleum Derivatives ('000 metric tons)	1,290	1,144	1,375	1,221	-6.84%	0.52%
• Check Indicators						
- Checks Cleared in Foreign Currencies ('000s)	2,309	2,319	2,228	2,347	9.94%	7.91%
- Checks Cleared in Foreign Currencies (millions USD)	12,231	13,106	13,662	13,883	33.68%	22.44%
- Checks Cleared in Lebanese Pounds ('000s)	870	874	838	864	4.19%	3.59%
- Checks Cleared in Lebanese Pounds (billions LBP)	4,317	4,539	4,885	4,880	24.29%	22.74%

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

► Trade Indicators

Billions of LBP	Q3 09	Q4 09	Q1 10	Q2 10	YoY	TTM
• Imports	6,324	6,611	6,409	6,324	- 8.61%	2.03%
• Exports	1,634	1,551	1,553	1,634	40.55%	14.31%
• Trade Balance	-4,690	-5,059	-4,856	-4,690	-18.54%	-1.14%
• Customs Revenues	739	699	688	741	8.48%	23.17%

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: BDL

► Imports by Origin

General Imports in Millions of LBP	Q3 09	Q4 09	Q1 10	Q2 10	Q2 YoY
• United States	735,183	845,143	677,744	711,880	-3.85%
• China	567,457	570,629	571,387	675,119	18.79%
• Germany	497,843	498,793	435,099	538,722	12.85%
• France	429,657	484,127	427,120	452,039	-59.54%
• Italy	490,684	499,901	560,644	448,044	3.83%
• Japan	248,001	248,171	253,917	261,865	23.29%
• Switzerland	228,645	140,895	232,279	247,599	74.39%
• Turkey	265,862	329,762	272,401	242,678	-12.91%
• Russia	104,816	116,035	210,297	229,232	-5.23%
• Great Britain	215,054	217,271	200,895	222,809	3.79%

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: Lebanese Customs

► Exports by Destination

General Exports in Millions of LBP	Q3 09	Q4 09	Q1 10	Q2 10	Q2 YoY
• Switzerland	173,711	402,528	199,620	278,161	53.29%
• UAE	139,760	176,135	171,451	198,606	22.73%
• Iraq	115,354	113,192	129,598	128,950	-4.02%
• Saudi Arabia	106,222	106,349	102,985	116,967	-12.74%
• South Africa	2,454	104,953	141,722	113,073	14,836.99%
• Turkey	49,930	53,061	96,979	102,870	161.59%
• France	20,017	67,876	80,914	99,960	101.85%
• Egypt	33,976	40,030	65,744	94,238	284.50%
• Syria	108,556	110,807	104,010	92,410	-9.13%
• Belgium	45,460	38,394	27,037	47,238	31.69%

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: Lebanese Customs



FFA Private Bank s.a.l.

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

FFA Dubai Ltd

- ☐ Office N° 3 - Level 1- Building N° 7
- ☐ The Gate Village
- ☐ Dubai International Financial Centre (DIFC)
- ☐ P.O. Box 506567 - Dubai - UAE
- ☐ Tel: +971.4.363 74 70
- ☐ Fax: +971.4.363 74 71
- ☐ <http://www.ffadubai.com>