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BUDGET RATIFICATION MOVES LEBANON CLOSER TO DONOR FUNDS

- **Budget law projects deficit of 7.8% of GDP in 2019 on fiscal consolidation measures**
- **BdL's foreign assets, residents' foreign currency deposits bounce back**
- **Economic outlook hinges on reforms, foreign developments - IMF**

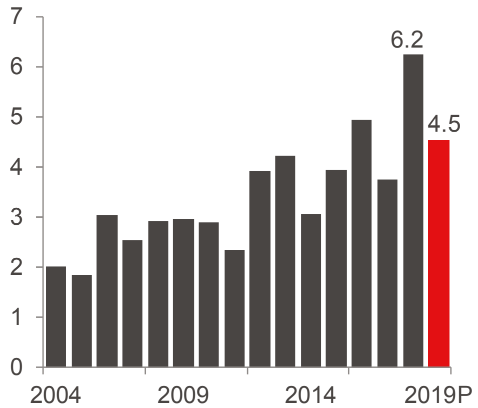
Parliament ratified in late July an ambitious fiscal consolidation budget that aims to bring the fiscal deficit back under control, easing financial pressures and inching the country closer to unlocking more than $11bn in grants and concessional loans pledged by international donors at the CEDRE conference.

The budget, published in the official gazette on July 31, projects a reduction in the deficit from $6.2bn, or 11.1% of GDP in 2018, to $4.5bn in 2019, an estimated 7.8% of GDP based on the IMF's projection of 3.3% growth in nominal GDP during the year. It introduces sweeping three-year tariffs of 3% on all merchandise imports that are subject to the Value Added Tax, with the exception of fuels, manufacturing raw materials, and agricultural equipment. The budget law also raises the tax on interest income to 10% from 7% for a three-year period, and introduces income taxes to public pensions at half the rate of active employees, and at a rate of 1.5% for veterans, in addition to tripling foreigners' work permit fees.

The bulk of the tax measures had been approved by the national unity Cabinet in late May, just three months after it was formed, easing investor concerns over the government's borrowing needs. As a result, deposits of residents in foreign currencies resumed their growth in early June, eventually surging by an estimated $1.2bn through July 18 based on money supply data by Banque du Liban (BdL).

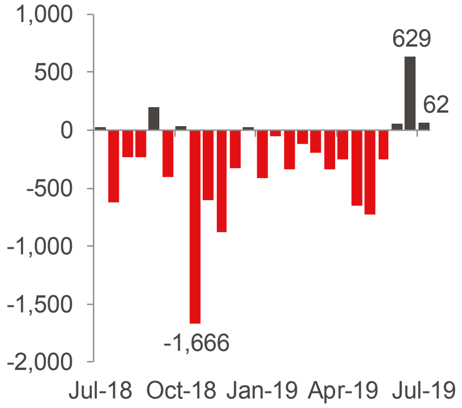
The central bank's foreign reserves have also since regained their footing after several months of outflows. Non-gold foreign assets jumped by $690.5m in July to $37.1bn, including $2.9bn in Eurobonds, their biggest increase in 14 months. BdL had seen its reserves fall by $3.3bn in the first half of 2019 due in large part to the settlement of $2.2bn in Eurobond and coupon maturities on behalf of the government during the period.

Fiscal deficit ($bn)



Source: MoF, Economena, SGBL Research

BdL foreign assets (bi-weekly change, $m)



Source: BdL, Economena, SGBL Research

Monetary easing in the United States should provide some tailwind to BdL's foreign assets in the near-term.

Monetary easing in the United States should provide some tailwind to BdL's foreign assets in the near-term, on top of projected record-breaking tourism receipts and shrinking merchandise trade deficit. Lebanon's tourism receipts are poised for a breakout year in 2019 as tourists and expatriates flock to the country in record numbers and a lifting of a travel warning by Saudi Arabia fuels a revival in vacationer traffic from the Gulf Cooperation Council (GCC). The number of foreign arrivals rose by 8.3% yoy to 923,820 visitors in the first half of the year, including a near doubling in the number of Saudi citizens visiting the country, data by the Ministry of Tourism showed.

Meanwhile, merchandise imports have been squeezed by flagging domestic demand, as credit activity stalls and the government embarks on its largest fiscal consolidation in nearly two decades. Non-oil imports shrank by 13.7% yoy to a decade-low of $5.7bn in the first five months of 2019 amid headwinds for consumer goods and construction materials, Customs data showed. The retreat by consumers precipitated double-digit declines in imports of vehicles, textiles, and footwear, while the downturn in construction activity triggered a reduction of 26.3% yoy to $253.6m in iron, steel, and aluminum imports.

Nevertheless, larger fuel payments by Electricité du Liban (EdL) in the early months of the year drove up the country's total import bill and pushed the merchandise trade deficit up by 10.2% yoy to $7.3bn by May. Still, lower oil prices, which averaged $65.8/barrel in the first seven months of 2019, should help keep the country's energy import bill in check. At the same time, exports rebounded by 9.2% yoy to a six-year high of $1.5bn, led by recovery in the trade of pearls and precious stones as well as revival in trade activity with the GCC and Europe. Exports of pharmaceutical products scored big gains, surging by 31.2% yoy to $25.6m, underpinned by demand from the UAE, Saudi Arabia, and France.

RECOVERY HINGES ON REFORMS, FOREIGN DEVELOPMENTS

Gains in tourism and trade, however, are unlikely to translate into meaningful economic recovery. Instead, the outlook depends on progress in reform and on developments outside Lebanon, stated the International Monetary Fund at the conclusion of its Article IV Mission to Lebanon in July.

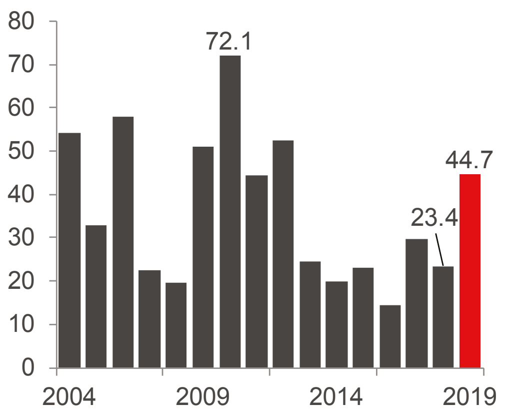
Adjustment efforts could get a helping hand from the resolution of the Syrian conflict and potential discovery of a natural gas field.

Strong implementation of the government's fiscal adjustment efforts in 2019 and 2020 as well as planned structural reforms have the potential to shore up confidence, give breathing space to the economy, and encourage CEDRE donor disbursements, while failure to achieve budget targets and advance reforms could erode confidence, the IMF argued. Adjustment efforts could also get a helping hand from the resolution of the Syrian conflict and from the potential discovery of a natural gas field in Lebanon's territorial waters, where exploration is expected to start by the end of 2019, according to the IMF.

A smaller fiscal deficit in the first five months of 2019 does lend some credence to the government's 2019 budget projections, but a steep downturn in revenues during the period describes a more challenging economic environment than previously anticipated. The fiscal deficit shrank by 18.3% yoy to $2.4bn by May after deep spending cuts driven primarily by payment delays more than offset a slowdown in revenues, Ministry of Finance data showed.

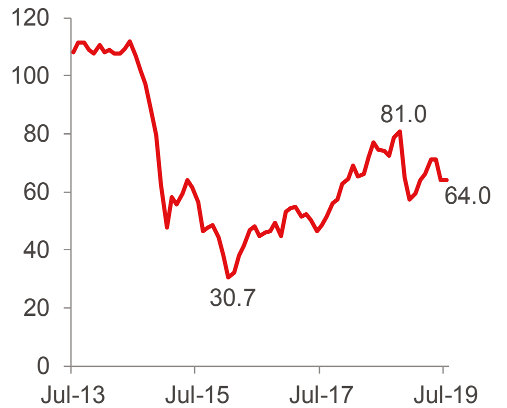
The reduction in the deficit also helped contain government borrowing needs in the first half of 2019. The face value of outstanding Treasury bills and Eurobonds grew by $609.9m in the first six months, compared with an increase of $3.5bn over the same period in 2018, data by the Association of Banks in Lebanon showed. Political uncertainty and the delay in passing a new budget had prevented the government from issuing new dollar-denominated debt, leaving its outstanding Eurobond debt down by $1.2bn to $29.8bn in the first half of the year.

Visitors from Saudi Arabia ('000, Jan-Jun)



Source: CAS, MoT, Economena, SGBL Research

Brent crude oil prices ($/barrel)



Source: EIA, Economena, SGBL Research

FINANCIAL PRESSURES EASE IN BUDGET AFTERMATH

- **Residents' deposits in foreign currencies resume growth**
- **BdL's foreign assets jumped by $690.5m in July, their biggest increase in 14 months**
- **BdL has skillfully maintained financial stability in difficult circumstances - IMF**

Financial pressures have eased in the weeks since the national unity Cabinet agreed in late May a draft budget for 2019 containing ambitious fiscal consolidation spending and revenue measures. The draft budget, which was ratified by Parliament in late July and published in the official gazette on July 31, aims to slash the fiscal deficit from 11.1% in 2018 to an estimated 7.8% of GDP based on the IMF's projection of 3.3% growth in nominal GDP during the year.

Fiscal austerity measures brought relief to the country's local depositor base. Deposits of residents in foreign currencies resumed their growth in early June, eventually surging by an estimated $1.2bn through July 18, the latest period for which data are available, according to weekly money supply data released by Banque du Liban. M3, a measure of money supply that includes cash and residents' deposits, also bounced back to $139.8bn by July 18 from the year's low of $138.6bn on May 23.

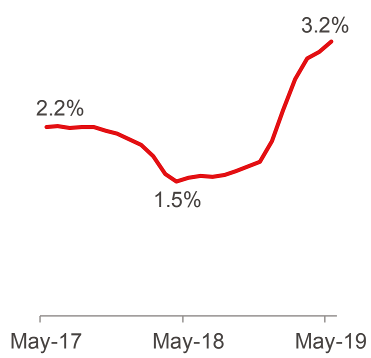
Meanwhile, recent measures by the central bank contributed to beefing up its foreign reserves after several months in decline. The central bank required banks to transfer to restricted reserves any gains resulting from financial operations taking place after the start of the year, a move that should bolster the banking sector's profitability and capital adequacy.

The mesures helped BdL's foreign assets rebound by $690.5m to $37.1bn in July, their biggest increase in 14 months, likely tilting the country's balance of payments into surplus. Foreign reserves, which included $2.9bn in Eurobonds at the end of July, had fallen by $3.3bn in the first half of 2019 due in large part to the settlement of $2.2bn in Eurobonds and coupon maturities on behalf of the government during the period.

Monetary easing in the United States should provide further tailwind to BdL's foreign assets in the near-term as wider spreads between local and foreign rates drive greater inflows into the country. The spread between local US dollar deposit rates and 6-month LIBOR already expanded to 3.2% in May 2019, double its level in May 2018, data by the Association of Banks in Lebanon and the ICE Benchmark Administration showed.

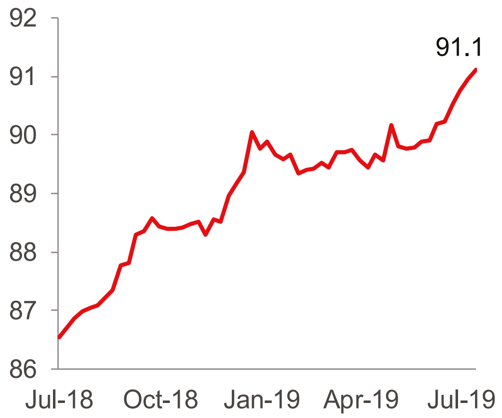
BdL has been skillfully maintaining financial stability amidst difficult circumstances for several years, stated the IMF at the conclusion of its Article IV Mission to Lebanon in July. The Fund, however, noted growing challenges to BdL's efforts and called for a gradual phasing out of financial operations once fiscal adjustment and the subsequent decline in yields demanded by investors allow the central bank to do so.

USD deposit spread over 6-month LIBOR on USD



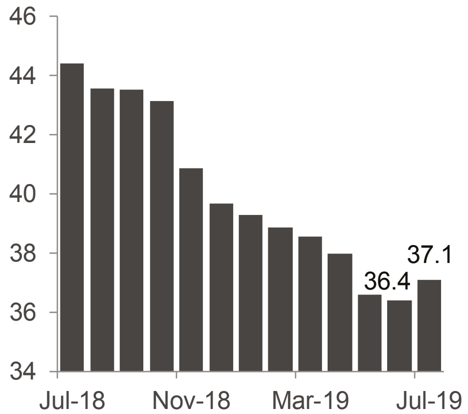
Source: ABL, IBA, Economena, SGBL Research

Resident deposits, foreign currencies ($bn)



Note: Estimated as M3-M2. Data through July 18, 2019.
Source: BdL, Economena, SGBL Research

BdL foreign assets ($bn)



Note: Includes $2.9bn in Eurobonds as of end of July 2019.
Source: BdL, Economena, SGBL Research

TOURISM RECEIPTS POISED FOR ANOTHER BREAKOUT YEAR IN 2019

- **Travel receipts reached a two-decade high of $8.4bn in 2018**
- **Foreign arrivals grew by 8.3% yoy to 923,820 visitors in the first half of 2019**
- **Visitors from Saudi Arabia doubled by June, spending surged by 47% yoy**

Lebanon's tourism receipts are poised for a breakout year in 2019 as tourists and expatriates flock to the country in record numbers and a lifting of a travel warning by Saudi Arabia fuels a revival in vacationer traffic from the Gulf Cooperation Council. The number of Saudi citizens arriving to Lebanon almost doubled to 44,736 visitors in the first half of 2019, a seven-year high for the period, data by the Central Administration of Statistics showed.

Tourism expenditures had already hit a two decade-high of $8.4bn in 2018, according to data by Banque du Liban, buoyed by an increase of 5.8% in visitor arrivals during the year. Resurgence in one of Lebanon's traditional economic drivers gained further momentum in 2019 with the number of foreign arrivals rising by another 8.3% yoy to 923,820 visitors by June.

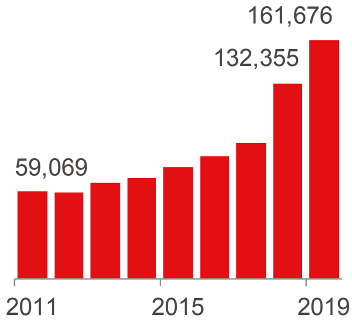
Robust visitor traffic prompted a rebound in tourist spending on consumer goods in the first half of the year. Spending on consumer goods whose Value Added Tax was claimed grew by 11.5% yoy, including a massive increase of 47% yoy in spending by residents in Saudi Arabia, according to data by Global Blue, a tax refund company.

Fashion and clothing dominated visitor spending with 66% of the total through June, followed by jewelry and watches with an estimated share of 20%. To be eligible for a tax refund, foreigners and Lebanese passport holders must live or maintain permanent residence abroad and purchase goods worth more than LBP150,000.

Hotels reported their best results in nearly a decade on the back of a greater number of high-spending visitors from the GCC. Revenue Per Available Room (RevPAR), a key industry performance metric, surged by 28% yoy to an average of $130 at Beirut's 4-and 5-star hotels in the first five months, survey data by Ernst & Young showed. Occupancy rates came in equally strong at an estimated 68% by May, compared with 59% over the same period in 2018.

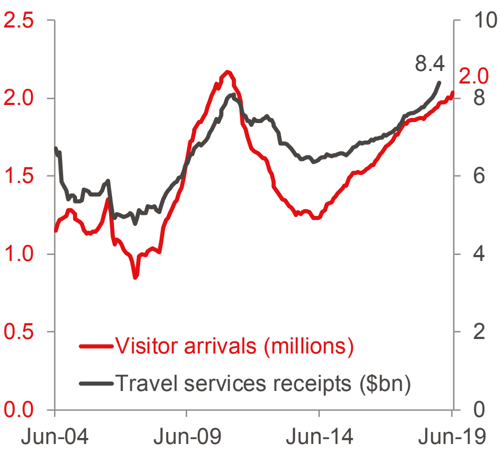
Nonetheless, the growing popularity of foreign vacations among Lebanese people is likely to dent gains in the tourism industry. The number of visitors to Turkey and Cyprus, two of the most popular destinations, posted a leap of 22.2% yoy to a multi-decade high of 161,676 visitors in the first half of 2019. Tourism spending abroad had grown by 12% to a record $6.3bn in 2018, leaving the country with a net current account surplus of $2.1bn in travel services, balance of payments data compiled by BdL showed.

Lebanese arrivals to Turkey and Cyprus (H1)



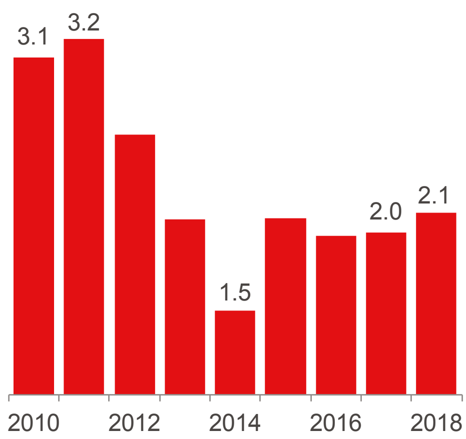
Source: Economena, SGBL Research

Tourism indicators (12-month moving sum)



Source: BdL, CAS, Economena, SGBL Research

Current account: travel services, net ($bn)



Source: BdL, Economena, SGBL Research

IMPORT PRESSURES SUBSIDE AS LOCAL DEMAND TAPERS OFF

- **Non-fuel imports slumped to a decade-low by May on tight money and fiscal policies**
- **Robust growth in exports of pharmaceuticals, vegetable oils, and animal products**
- **Re-opening of Nasib border crossing brings some revival to exports through Masnaa**

Lebanon's non-oil imports shrank by 13.7% yoy to a decade-low of $5.7bn in the first five months of 2019 as tight monetary and fiscal policies weighed on demand for consumer goods and construction materials, Customs data showed. Outstanding credit to residents fell by 4.9% through May and the government slashed its primary spending by 17.6% yoy in the first four months, the latest period for which data are available.

The retreat by consumers precipitated double-digit declines in imports of vehicles, textiles, and footwear in the first five months. Meanwhile, a downturn in construction activity triggered a reduction of 26.3% yoy to $253.6m in iron, steel, and aluminum imports.

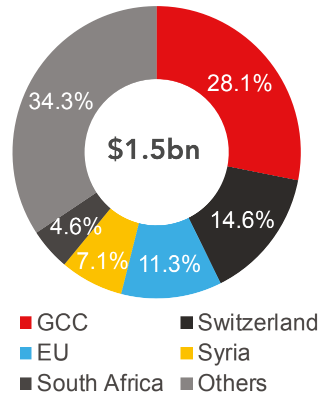
Nevertheless, larger fuel payments by Electricité du Liban (EdL) in the early months of the year drove up the country's total import bill and pushed the merchandise trade deficit up by 10.2% yoy to $7.3bn by May. Parliament allocated a budget of $1.7bn to cover the deficit at EdL in 2019, $97.7m less than in 2018, leaving private generators to fill the resulting gap in electricity supply. Lower oil prices, which averaged $65.8/barrel in the first seven months of 2019, should help keep the country's energy import bill in check. Total fuel imports had reached $4.2bn in 2018 on average global oil prices of $71.1/barrel.

At the same time, exports rebounded by 9.2% yoy to a six-year high of $1.5bn, led by recovery in the trade of pearls and precious stones as well as revival in trade activity with the Gulf Cooperation Council (GCC) and Europe. Exports to the GCC reached $407.3m, 11.4% more than in the same period of 2018, as sales to the UAE and Qatar swelled. Shipments to Saudi Arabia showed some signs of improvement aided by thawing relations between the two countries following the formation of a new Cabinet in Lebanon in February and a pickup in activity in the kingdom.

Exports of several industries scored big gains, particularly pharmaceutical products which surged by 31.2% yoy to $25.6m, underpinned by demand from the UAE, Saudi Arabia, and France. Vegetables, vegetable oils, and animal products all posted robust export activity which increased by 11.7% yoy to $107.3m through May.

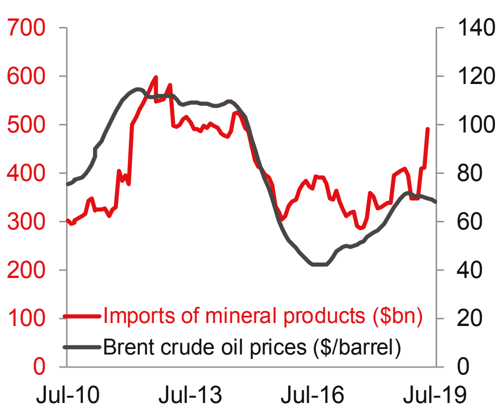
The re-opening of land transit routes in late 2018 brought some revival in exports through the Masnaa border crossing with Syria, but activity has yet to catch up to its pre-Syrian conflict levels amid complex shipping logistics and elevated transit costs. The value of exports passing through the Masnaa customs bounced back to $97.6m in the first five months, compared with $54.9m over the same period in 2018.

Exports by destination (Jan-May 2019)



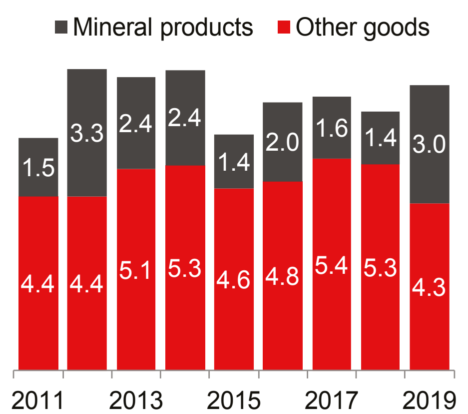
Source: Customs, Economena, SGBL Research

Oil indicators (12-month moving average)



Source: FRED, Customs, Economena, SGBL Research

Merchandise trade deficit (Jan-May, $bn)



Source: Customs, Economena, SGBL Research

SMALLER DEFICIT BY MAY 2019 LENDS CREDENCE TO BUDGET TARGETS

- **Fiscal deficit shrank by $535.3m yoy through May on tighter spending**
- **Challenging economic environment weighs on tax collections**
- **Parliament ratifies budget with bold fiscal consolidation targets**

A smaller fiscal deficit in the first five months of 2019 lends some credence to the government's 2019 budget projections, but a steep downturn in revenues indicates a more challenging economic environment than previously anticipated. The fiscal deficit shrank by 18.3% yoy to $2.4bn by May after deep spending cuts, driven primarily by payment delays, offset a slowdown in revenues, Ministry of Finance (MoF) data showed.

Total cash revenues fell by 6.9% yoy to $4.5bn in the first five months after the Value Added Tax, the government's largest source of income, slipped by 8.5% yoy to $1bn and customs taxes dropped by 3.5% yoy to $527.5m. Real estate registration fees and excise taxes on vehicles shed 27.9% yoy to $146.8m and 26.9% yoy to $87.9m respectively as credit conditions and investment appetite soured.

A nine-month delay in forming a new Cabinet following the May 2018 Parliamentary elections followed by budget deliberations weighed heavily on economic activity through the early months of 2019. BdL's Coincident Indicator, a composite index of main indicators, contracted by 3.4% yoy in the first five months.

The saving grace for public revenues was the tax on interest income which brought in $650.2m, 57.5% more than in the first five months of 2018. Taxes on wages and salaries were flat at $299.2m while income from the excise tax on fuel grew by 9.8% yoy to $199.1m as lower prices lifted demand for gasoline.

Nevertheless, severe spending restraint offset the shortfall in revenues. Total cash expenditures slumped by 11.2% yoy to $6.9bn driven largely by the buildup of arrears to local authorities and contractors. Payment delays, however, are common practice and are often intertwined with complex political considerations in addition to budgetary requirements.

Government revenues in the first 5 months of 2019

	Value ($m)	% change
Value Added Tax	1,011.9	-8.5%
Interest tax	650.2	57.5%
Customs tax	527.5	-3.5%
Tax on wages and salaries	299.2	-0.1%
Telecom transfers	291.3	-8.5%
Taxes on profits	290.4	-1.0%
Excise tax on fuel	199.1	9.8%
Real estate registration fees	146.8	-27.9%
Capital gains tax	140.5	-5.1%
Excise tax on cars	87.9	-26.9%
Beirut airport	41.5	75.7%
Banque du Liban	40.0	-0.1%
Casino du Liban	34.3	-7.3%
Total cash revenues	**4,464.3**	**-6.9%**

Source: MoF, Economena, SGBL Research

Treasury transfers to municipalities were just $220.7m in the first five months compared with $379.3m over the same period in 2018. Domestic debt service costs of $1.2bn through May were also 15.3% yoy lower owing to subscriptions by the central bank to Treasury bills at a yield of 1% in recent years, including at least $5.5bn in 2018.

PARLIAMENT RATIFIES AUSTERITY BUDGET

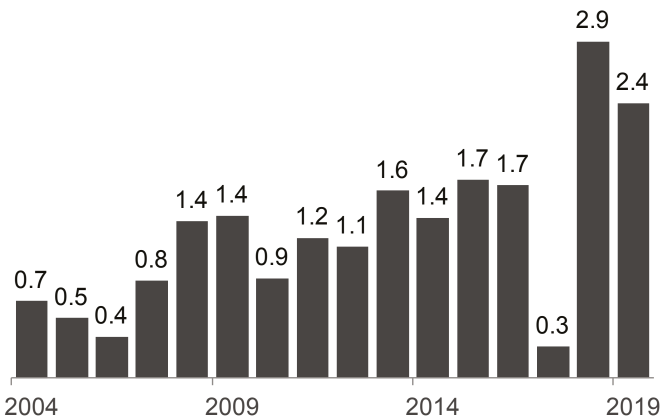
The government's efforts to reduce its borrowing needs are expected to gain further momentum in the second half of 2019 after Parliament ratified a budget for the year that includes a series of tax hikes and cuts to benefits of public sector employees and retirees.

The budget law, published in the official gazette on July 31, projects a sizeable reduction in the deficit from 11.1% of GDP in 2018 to an estimated 7.8% of GDP in 2019, one of the conditions to unlock $11bn in concessional loans and grants from international donors.

The new law introduces sweeping tariffs of 3% for a three-year period on all merchandise imports that are subject to the Value Added Tax, with the exception of fuels, raw materials used in manufacturing, and agriculture equipment. It also raises the tax in interest income to 10% from 7% for a three-year period and slaps an annual tax of $33.3 per kilovolt-ampere (kVA) in capacity on private electricity generators.

The budget also subjects public pensions to income taxes at half the rate of active employees, and at a rate of 1.5% for veterans, in addition to tripling foreigners' work permit fees. Spending measures include cuts to administrative budgets, salaries of government officials, annual paid vacation days in the public sector, and investment in new military equipment.

Fiscal deficit (Jan-May, $bn)



Source: MoF, Economena, SGBL Research

LATEST DATA

Key indicators	Unit	2018	Apr-19	May-19	Jun-19	%Y/Y	YTD	PYTD
Cleared cheques	$bn	66.57	4.44	4.15	4.08	-20.7	27.50	32.84
Real estate transactions	$bn	8.13	0.44	0.38	0.29	-55.5	2.73	3.87
Construction permits	Sqm, m	9.02	0.46	0.65	n.a.	-21.9	3.06	4.41
Cement deliveries	Tons, m	4.70	0.29	0.32	n.a.	-23.1	1.28	1.92
Tourist arrivals	m	1.96	0.18	0.13	0.23	17.5	0.92	0.85
Airport traffic	m	8.84	0.82	0.57	0.84	9.8	3.98	3.82
Balance of payments	$bn	-4.82	-1.30	-1.88	n.a.	-	-5.19	0.43
Money supply: M3	$bn	141.29	140.18	139.33	n.a.	-0.8	-1.96	1.87
BSE volumes	m	90.01	0.69	2.12	1.69	-70.7	187.50	58.52
Passenger car sales		33,012	2,168	2,458	2,616	-37.1	13,176	17,208
Hotel occupancy (average)	%	65.05	85.4	44.8	n.a.	-6.1	67.94	59.03

Indices	Unit	2018	Apr-19	May-19	Jun-19	%Y/Y	%YTD
Consumer Confidence Index - ARA		113.25	101.00	n.a.	n.a.	-21.7	-7.3
Consumer Price Index		106.65	109.79	109.92	109.00	1.7	0.9
Purchasing Managers' Index		46.28	46.70	46.30	46.30	0.7	0.2
BdL Coincident Indicator		307.72	316.10	297.40	n.a.	-1.9	-1.1

Trade	Unit	2018	Mar-19	Apr-19	May-19	%Y/Y	YTD	PYTD
Imports	$bn	19.98	2.18	1.36	2.46	54.4	8.76	7.96
Exports	$bn	2.95	0.32	0.27	0.32	27.9	1.45	1.32
Trade balance	$bn	-17.03	-1.86	-1.09	-2.13	59.4	-7.32	-6.64
Port of Beirut volumes	TEUs, m	1.31	0.10	0.11	0.10	-2.9	0.50	0.52

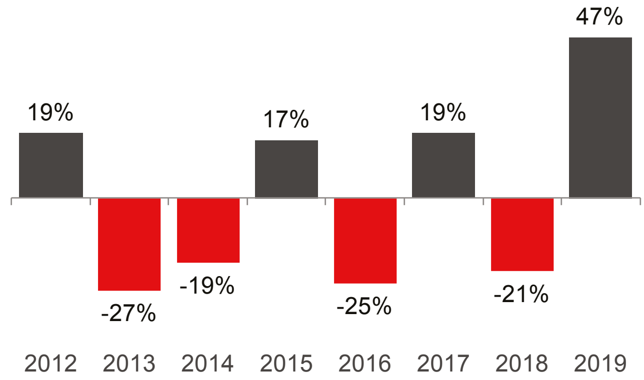
Financial and monetary	Unit	2018	Mar-19	Apr-19	May-19	%Y/Y	YTD	%YTD
Commercial bank assets	$bn	249.48	252.75	253.65	253.63	9.2	4.15	1.7
Claims on the resident private sector	$bn	51.80	50.04	49.62	49.26	-6.2	-2.54	-4.9
Claims on the non-resident private sector	$bn	7.12	6.85	6.94	6.64	3.5	-0.48	-6.8
Claims on the public sector including securities	$bn	33.60	33.30	33.16	32.64	-3.7	-0.96	-2.9
Resident private sector deposits	$bn	136.56	135.60	135.50	134.54	-0.9	-2.02	-1.5
Dollarization rate (average)	%	63.83	65.71	66.08	66.47	3.2	0.81	0.8
Non-resident private sector deposits	$bn	37.72	36.92	37.21	36.32	-0.7	-1.41	-3.7
Dollarization rate (average)	%	87.63	88.57	88.57	88.81	1.5	0.24	0.2
Private sector deposits with commercial banks	$bn	174.28	172.52	172.71	170.85	-0.9	-3.43	-2.0
Private loans / deposits	%	38.48	36.90	36.62	36.61	-2.1	-1.32	-1.3
Public sector deposits	$bn	9.30	8.95	8.33	8.60	-15.2	-0.70	-7.5
BdL foreign assets	$bn	44.28	42.99	43.38	41.66	-10.7	-2.62	-5.9
BSE market capitalization	$bn	9.68	9.63	9.02	8.51	-22.4	-1.16	-12.0
Gross public debt	$bn	85.14	86.22	85.84	85.37	3.5	0.23	0.3

Public finance	Unit	2018	Mar-19	Apr-19	May-19	%Y/Y	YTD	PYTD
Revenues	$bn	11.55	0.77	0.88	1.00	2.0	4.46	4.80
Value Added Tax	$bn	2.55	0.11	0.23	0.21	49.8	1.01	1.11
Telecommunications	$bn	1.07	0.13	0.00	0.08	13.1	0.29	0.32
Income taxes	$bn	2.99	0.19	0.28	0.36	10.8	1.39	1.17
Customs taxes	$bn	1.34	0.10	0.11	0.12	7.3	0.53	0.55
Expenditures	$bn	17.79	1.08	1.30	2.01	0.9	6.85	7.72
Transfers to EdL	$bn	1.76	0.04	0.21	0.10	-7.1	0.61	0.63
Debt service	$bn	5.41	0.42	0.39	0.91	-7.0	2.27	2.48
Primary balance	$bn	-0.64	0.12	-0.01	-0.06	-	-0.04	-0.35
Fiscal balance	$bn	-6.25	-0.31	-0.41	-1.01	-0.2	-2.39	-2.92

YTD: year-to-date, PYTD: previous year-to-date. Source: MoF, BdL, BSE, ARA, Customs, Markit, EY, RHIA, CAS, Economena, SGBL Research

Spending in Lebanon by Saudi Arabia residents (H1, % yoy)

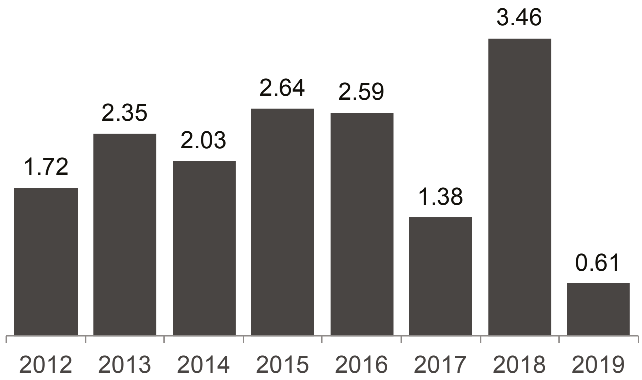
Purchases in Lebanon whose Value Added Tax was claimed by residents in Saudi Arabia surged by 47% yoy in the first half of 2019, their fastest pace for the period in at least eight years, according to data by Global Blue, a tax refund company. Arrivals from the Kingdom had rebounded following the lifting in February of a travel ban on the country's citizens to Lebanon.



Source: Global Blue, Economena, SGBL Research

Change in outstanding T-bills and Eurobonds in H1 ($bn)

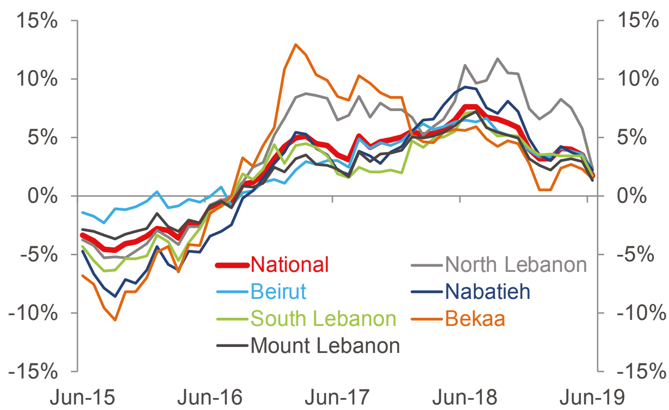
Borrowing by the Lebanese government slowed in the first half of 2019 as austerity measures brought about a reduction in the fiscal deficit. Outstanding public debt in local and foreign currencies grew by $609.9m in the first six months, compared with an increase of $3.5bn over the same period in 2018, data by the Association of Banks in Lebanon showed.



Source: ABL, Economena, SGBL Research

Consumer Price Index (%yoy)

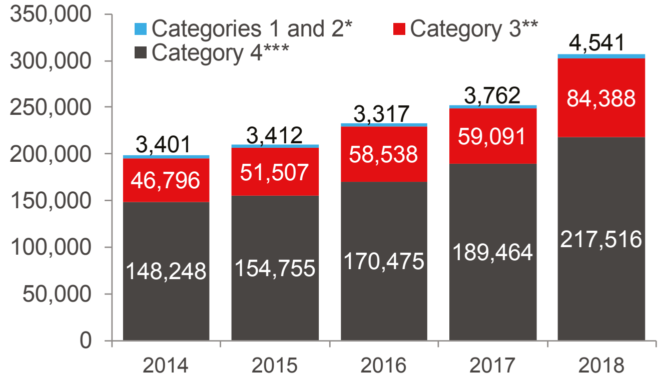
Inflation cooled across Lebanon in June as healthcare, transportation, and utilities prices slowed, Central Administration of Statistics data showed. The national Consumer Price Index grew by 1.7% yoy with regional inflation ranging between 1.3% in Mount Lebanon and 2.4% in North Lebanon.



Source: CAS, Economena, SGBL Research

Work permits to foreign workers in Lebanon

New and renewed work permits issued to foreigners in Lebanon grew by 21.5% to 306,445 permits in 2018, a decade-high, data by the Ministry of Labor showed. The majority of permits, equivalent to 71% of total, were issued to workers in category 4 which comprises domestic workers whose monthly salaries fall below the minimum wage.



**Managers, consultants, and others with salaries over twice the minimum wage. **Salaries between 1x and 2x the minimum wage. ***Domestic workers with salaries less than the minimum wage. Source: MoL, Economena, SGBL Research*