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ROBUST CONSUMPTION, FISCAL RESTRAINT BRING ECONOMIC RELIEF

- BdL bolsters reserves with an additional \$1.6bn, gold assets rise by another \$876m
- Transportation and energy projects get green light
- Robust retail sales underpin economic stability as tourism boosts spending

Recent data suggest Lebanese economic activity may be turning the corner after Parliament ratified in July an austerity budget and the central bank bolstered its foreign assets for the second month in a row in August. A recent brief spat along the country's southern border also appeared to be short-lived and limited in scope, easing earlier fears of a possible largescale military confrontation.

Substantial growth in foreign assets at Banque du Liban (BdL) in recent weeks indicate steadying conditions in financial markets and demonstrate the country's continued ability to attract foreign currencies. BdL replenished its reserves in August with the addition of \$1.6bn in foreign assets, including \$1.4bn in five-year deposit inflows in the last two weeks of the month. A recent uptick in gold prices is also driving up the value of BdL's gold reserves of 9.2 million Troy Ounces, reaching \$14.1bn by the end of August 2019, an annual gain of \$3bn.

The central bank had used a portion of its foreign currencies to settle \$2.2bn in sovereign Eurobond coupon and principal maturities in the first five months of the year. BdL is expected to continue to draw on its foreign exchange reserves to finance a \$1.5 billion Eurobond maturing in November and an estimated \$1bn of coupon payments due the same month, stated Standard & Poor's, a credit rating agency, in an August report in which it affirmed Lebanon's 'B-' long-term sovereign foreign currency rating.

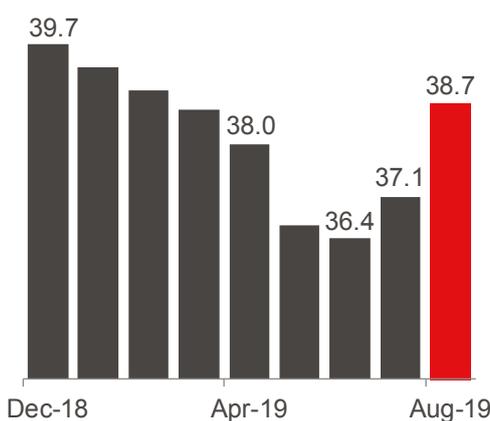
The agency noted sufficient central bank reserves to service government debt in the near term and argued that the risk of large deposit outflows is mitigated to some extent by the increase in average deposit maturity to over one year from about just 45 days in 2017. Meanwhile, Fitch Ratings, another ratings agency, lowered Lebanon's long-term foreign-currency Issuer Default Rating to 'CCC' from 'B-' citing intensifying financing

September 1, 2019

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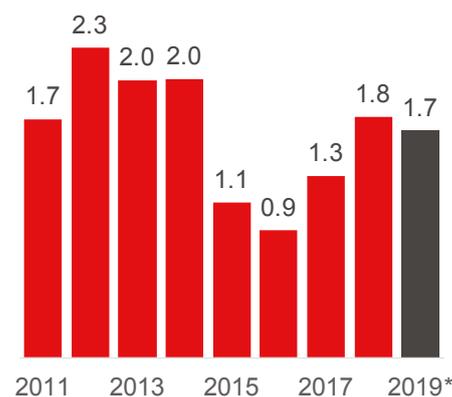
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BdL non-gold foreign assets (\$bn)



Source: BdL, Economena, SGBL Research

Transfers to EdL (\$bn)



Note: Based on 2019 budget law.
Source: MoF, Economena, SGBL Research

pressures illustrated by increasing dependence on unorthodox measures by the central bank. Fitch also pointed to the absence of a credible medium-term strategy to address rising debt ratios.

However, fiscal performance results in the first half of 2019 showed meaningful spending restraint. The deficit shrank by 20.3% yoy to \$2.4bn, according to the Ministry of Finance, equivalent to an annualized rate of 8.3% of GDP based on the IMF's nominal economic growth forecast of 3.3%. The budget law projects a deficit of \$4.5bn in 2019, down from a record \$6.2bn in 2018.

Cash outlays fell by 9% yoy to \$8.2bn in the first six months of 2019, their biggest drop in a decade.

Cash outlays fell by 9% yoy to \$8.2bn during the period, their biggest drop in a decade, offsetting a decrease of 3.2% yoy to \$5.8bn in revenues. Public revenues are poised to gain traction in the second half of the year, supported by higher taxes and fees that took effect following the ratification of the 2019 budget. The government raised its tax on interest income to 10% from 7% starting August 1, increased tariffs on merchandise imports, and imposed income taxes on pensions.

INFRASTRUCTURE PROJECTS GET GREEN LIGHT

Prospects for improvement in the real economy should get some uplift from transportation and energy projects scheduled to be launched over the coming several months. In particular, the government awarded in July a 2.5-year EUR47m (\$51.4m) project to expand the Jounieh highway financed by a loan from the European Investment Bank, according to media reports. Vantage Drilling, a US-based drilling company, is also expected to begin exploratory offshore drilling for oil and gas in Block 4 in the fourth quarter of 2019 on behalf of a Total-led consortium that won the exploration and production rights in 2018, stated the Ministry of Energy and Water (MoEW).

In the electricity sector, MoEW announced plans to launch tenders for the construction of new gas-fired power plants and the rehabilitation of older plants operating on fuel oil in a bid to provide round the clock power and gradually eliminate state subsidies. Transfers to Electricité du Liban fell slightly by 2.9% yoy to \$717.4m in the first half of 2019, MoF data showed, and are projected to decrease by 5.6% to \$1.7bn in the full year, according to the 2019 budget law.

Parliament had approved in April an electricity reform plan that envisions the construction of new power plants under long-term Power Purchase Agreements, the reduction of network losses, and the lifting of electricity tariffs. The government has yet to select a winner for the construction of Floating Storage Regasification Units that would supply power plants with Liquefied Natural Gas.

CONSUMPTION HUMMING ALONG

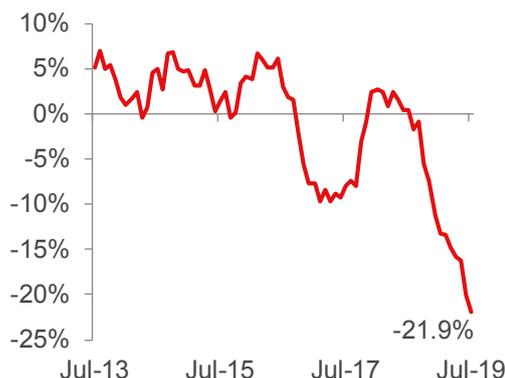
Growth in retail sales accelerated to 5.5% yoy in the first half of 2019 from 0.9% yoy in the first half of 2018, according to a joint report by the Lebanese Franchise Association and the Chamber of Commerce, Industry, and Agriculture of Beirut and Mount Lebanon (LFA-CCIABML). Household spending, the economy's primary growth engine, will remain robust through 2020 driven by economic recovery in Gulf Cooperation Council countries, home to a large Lebanese expatriate population, and by a large refugee population, stated Fitch Solutions, a market research company.

Visitor spending grew by 11.5% yoy in the first half of 2019, according to estimates by Global Blue, a tax refund company.

The number of arrivals to Lebanon surged by 8.1% yoy to 1.2 million visitors in the first seven months of 2019, according to the Ministry of Tourism, adding further momentum to private spending. Visitor spending grew by 11.5% yoy in the first half of the year, estimates based on tax refund transactions by Global Blue showed.

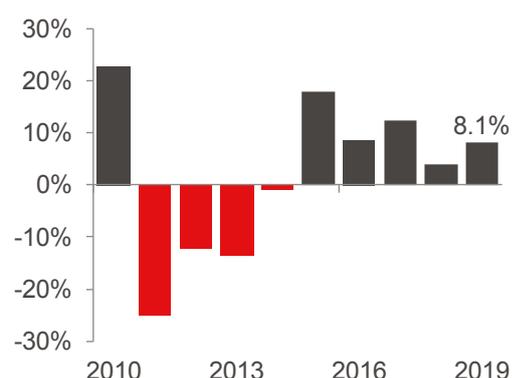
Still, a credit crunch is eating into sales of large-ticket items. New passenger car sales declined by 22.8% yoy to 16,124 vehicles in the first seven months, leaving a dent in insurance activity. Gross insurance premiums in the motor segment, which contribute to 19.6% of the market, slumped by 10.3% yoy to \$171.2m in the first half of 2019 pulling the industry's growth down to just 0.8% yoy during the period, data by the Insurance Control Commission showed.

New passenger car sales (12-months, % yoy)



Source: AIA, Economena, SGBL Research

Visitor arrivals (Jan-Jul, %yoy)



Source: MoT, Economena, SGBL Research

RETAIL SALES BOUNCED BACK IN 1H 2019

- Household spending to increase by 5.7% to \$35.5bn in 2020 – Fitch Solutions
- Inflation slowed to 3% yoy through July, easing pressure on disposable income
- Credit amounts less than LBP5m surged by 22.9% yoy to \$149.7m by March 2019

Growth in retail sales accelerated to 5.5% yoy in the first half of 2019 from 0.9% yoy in the first half of 2018, according to a joint report by the Lebanese Franchise Association and the Chamber of Commerce, Industry, and Agriculture of Beirut and Mount Lebanon (LFA-CCIABML). The report draws on a combination of data compiled using business surveys, actual retail sales data at large shopping malls, and sales transactions processed through the country’s main payment systems operators.

Household spending, the economy’s primary growth engine, will remain robust through 2020 driven by economic recovery in Gulf Cooperation Council countries, home to a large Lebanese expatriate population, and by a large refugee population, stated Fitch Solutions, a market research company. Spending by households is projected to increase by 5.7% to \$35.5bn in 2020 and by 5.9% to \$37.6bn in 2021, with growth largely skewed in favor of necessities, in particular food and non-alcoholic beverages such as packaged foods, coffee, tea, water, soft drinks, and juices, according to Fitch Solutions.

Improving prospects for a pickup in economic activity in the GCC bode well for remittances to Lebanon, underpinning domestic private consumption and tourist spending. Growth in Saudi Arabia’s economy, the region’s largest, should accelerate to 3% in 2020 from 1.9% in 2019 on the back of higher government spending, improved confidence, and faster growth in the oil sector, according to the International Monetary Fund.

The shift away from luxury products is already adding uplift to food businesses. Restaurants and snacks in the greater Beirut area reported an increase of 7.4% yoy in their turnover in the second quarter of 2019, and sales at bakeries and pastry shops grew by 1.5% yoy, according to survey data by the Beirut Traders Association. By contrast, sales of watches and jewelry shed 2.6% yoy while turnover at furniture and clothing stores dwindled by just over 14% yoy.

Cooling inflation rates and sustained growth in small-amount loans offered some tailwind to consumers. Inflation slowed to 3% yoy in the first seven months of 2019 following a slump in fuel prices, easing pressure on disposable income. Meanwhile, utilized credit in amounts less than LBP5m (\$3,317) surged by 22.9% yoy to \$149.7m by March 2019 coupled with a similar jump in the number of beneficiaries, bucking a downtrend in general credit activity over the same period, Banque du Liban (BdL) data showed. The number of outstanding credit cards also grew by 1% yoy to 580,861 cards by the end of June, contributing to 20.4% of outstanding payment cards, according to BdL.



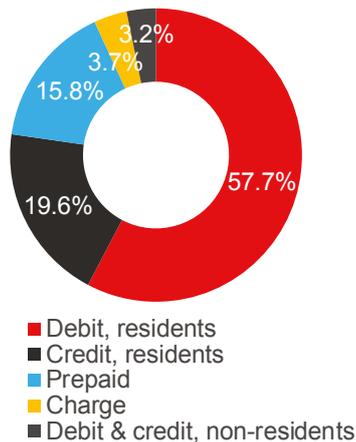
Source: LFA-CCIABML, SGBL Research

Consumer price index (%yoy)



Source: CAS, Economena, SGBL Research

Outstanding payment cards (June 2019)



Source: BdL, Economena, SGBL Research

FISCAL DEFICIT SLASHED TO 8.3% OF GDP IN 1H 2019

- Income from the tax on interest grew by 58.2% yoy to \$805.7m
- Spending on debt service and electricity decreased
- Revenues slated to rebound after higher taxes took effect in August

Lebanon’s fiscal deficit shrank by 20.3% yoy to \$2.4bn in the first half of 2019, according to the Ministry of Finance (MoF), equivalent to an annualized rate of 8.3% of GDP based on the IMF’s nominal economic growth forecast of 3.3%. Parliament had ratified in late July a budget law that projects a deficit of \$4.5bn in 2019, down from a record \$6.2bn in 2018.

Income from the tax on interest grew by 58.2% yoy to \$805.7m through June, the single biggest gain in public revenues for the period. Taxes on profits also increased by 5.2% yoy to \$853.3m over the same period following an increase in the corporate income tax rate to 17% from 15%. Meanwhile, a slowdown in economic activity in the first half of 2019 left Value Added Tax collections down by 9.5% yoy to \$1.1bn.

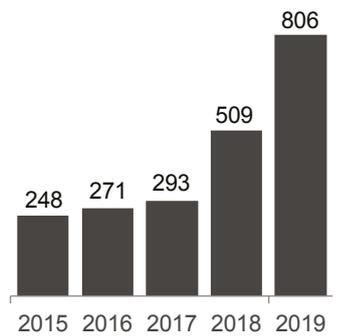
Real GDP growth remained flat in the first six months of the year, according to the central bank, as a result of political deadlock and uncertainty over budgetary measures. Since February, however, the lifting of a travel warning by Saudi Arabia and the formation of a new national unity Cabinet prompted a revival in tourism activity, bringing much-needed relief to private consumption and economic activity in the summer months.

As a result, public revenues are poised to gain traction in the second half of the year, supported by higher taxes and fees that took effect following the ratification of the 2019 budget law in late July. The government raised its tax on interest income to 10% from 7% starting August 1, increased tariffs on merchandise imports, and imposed income taxes on pensions. Tax measures are aimed at reining in the country’s chronic merchandise trade deficit while increasing revenues by an estimated 7.9% to \$12.5bn during the year.

Fiscal spending contracted by 9% yoy to \$8.2bn in the first half of the year, on track to hitting budget targets for 2019 despite the delay in getting the budget ratified. Parliament authorized \$17bn in public spending during the year, 4.5% less than actual outlays of \$17.8bn in 2018, MoF data showed. Debt service and transfers to the state-owned electricity company decreased by 5.5% yoy to \$2.6bn and by 2.9% yoy to \$717.4m respectively through June.

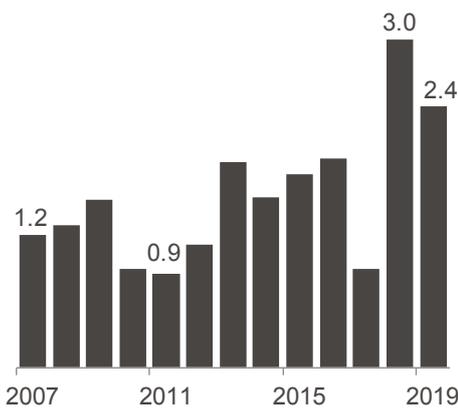
Following the approval of an electricity reform plan in April, a forthcoming budget for 2020 may incorporate further public sector reforms targeting the pension system and tax evasion. Despite having a mixed track record on reforms, even partial implementation could support the disbursement of some donor funds for infrastructure projects pledged at CEDRE, stated Standard & Poor’s in August.

Interest income taxes (1H, \$m)



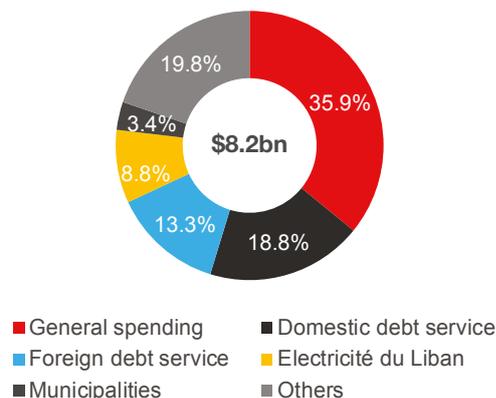
Source: MoF, Economena, SGBL Research

Fiscal deficit (1H, \$bn)



Source: MoF, Economena, SGBL Research

Public spending (1H 2019)



Note: "Others" includes payments from previous years.

Source: MoF, Economena, SGBL Research

TOPLINE INSURANCE GAINS IN 1H 2019 OFFSET BY RISING COSTS

- Insurance market expanded by 0.8% yoy on higher medical premiums
- Higher claims and acquisition costs dent profit margins
- Net investment income surged by 31.2% yoy to \$97.4m on rising interest rates

Lebanon’s insurance market grew by 0.8% yoy to \$873.8m in the first half of 2019 despite considerable economic headwinds during the period, data by the Insurance Control Commission showed. The industry’s prospects, however, hinge on a pickup in economic activity, particularly in the car market where a credit crunch and slowing demand are taking a heavy toll on motor premiums.

Motor and life insurance market shrank in the first half of the year. Gross premiums in the motor segment, which contributed to 19.6% of the market, slumped by 10.3% yoy to \$171.2m in the first half of 2019 mirroring a drop of 22.8% yoy in the number of new passenger vehicles sold during the same period. Life premiums, the second largest line of business, contracted by 1.7% yoy to \$238.7m after the number of subject matters slid by 4.1% yoy to 325,000. Growth in life premiums is projected to slow to 3% in 2020, while non-life premiums may slow to 4.6%, according to Fitch Solutions, a market research company.

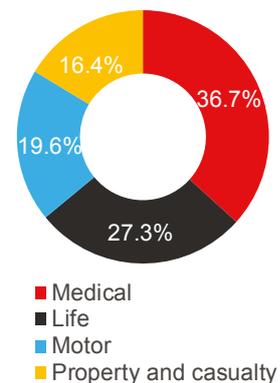
Gross medical premiums jumped by 9.8% yoy to \$320.8m through June buoyed by rising medical costs, while coverage remained broadly unchanged at close to half a million subject matters. Prices of pharmaceutical products fell by 20% between December 2013 and June 2019, but costs of medical and hospital services surged by 18.8% and 24.7% respectively over the period, according to the Central Administration of Statistics.

Performance also diverged across the country’s 50 insurance companies. Written premiums increased at 23 companies in the first half of the 2019, while the remaining 27 companies reported lower premium revenues during the period. Lebanon’s fragmented insurance market offers scope for mergers and acquisitions, stated Fitch Solutions, but challenging operations conditions bode ill for large scale investment.

Meanwhile, upticks in claims and acquisition costs are offsetting top line gains from higher premiums and an upswing in investment income. Claims paid grew by 12.7% yoy to \$502.1m by June while acquisition and administration costs inched up by 1.4% yoy to \$243.8m, likely denting profit margins in the first half of 2019.

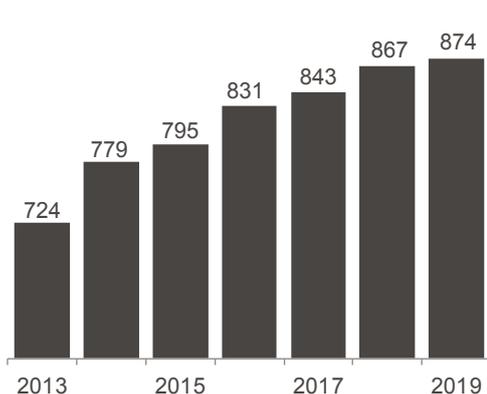
Net investment income jumped by 31.2% yoy to \$97.4m driven by higher returns on bank deposits. Deposit rates in Lebanon reached an average of 6.6% in the first half of 2019, up from 4.9% over the same period in 2018. Insurance companies kept 34.1% of their investments in blocked bank deposits and deposits with maturities of more than three months, while 32.9% were allocated to fixed income investments and 19.1% in cash and cash equivalents at the end of 2017, the latest period for which data are available.

Gross written premiums by segment (H1, \$m)



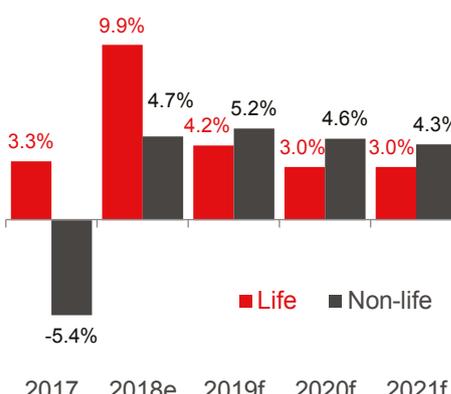
Source: ICC, Economena, SGBL Research

Gross written insurance premiums (H1, \$m)



Source: ICC, Economena, SGBL Research

Gross written premiums (% change)



Source: Fitch Solutions, Economena, SGBL Research

S&P AFFIRMS LEBANON'S 'B-' RATING CITING SUFFICIENT FX RESERVES

- FX reserves expected to decline, but remain sufficient over the next 12 months
- Foreign investors to remain cautious in the absence of budget and business reforms
- Fitch downgrades Lebanon to 'CCC' on lack of credible plan to stabilize debt/GDP

S&P Global Ratings, a US-based credit rating agency, affirmed in August its 'B-/B' long- and short-term foreign and local currency sovereign ratings on Lebanon, citing sufficient central bank reserves to service government debt in the near term.

Deposit outflows and declining foreign exchange reserves in the first half suggest that investor confidence in Lebanon has weakened substantially, according to S&P. The agency, which maintained its negative outlook for the country's ratings, expects Banque du Liban (BdL) to continue to draw on its foreign exchange reserves to finance a \$1.5 billion Eurobond maturing in November and an estimated \$1bn of coupon payments due the same month. It saw increasing risk of escalating regional risk amid growing tensions between Iran and the U.S.

Still, the central bank's latest financial engineering operations should bring about a small turnaround in nonresident deposits throughout the rest of 2019, predicted S&P. Banks drew in more than \$2bn in deposits over July to mid-August, leading to an improvement of nearly \$700m in the central bank's foreign exchange reserves in July, according to S&P estimates. The risk of large deposit outflows is mitigated to some extent by the increase in average deposit maturity to over one year from about just 45 days in 2017, noted the agency.

The agency stated that it could revise Lebanon's outlook to stable if the government succeeded at significantly improving foreign investor confidence through the implementation of credible fiscal implementation measures and medium-term electricity sector reform plans.

Similarly, its ratings may be lowered in the next 6-12 months if banking system deposits and BdL's reserves continued to decline, which would likely reflect a weak policy environment and impaired market access, according to S&P.

GROWTH WILL PICK UP TO 1.2% IN 2020

The ratings agency expressed some optimism over the prospects for policy reform, noting that the 2019 budget law ratified by Parliament in late July was more austere than expected, reflecting some level of political cooperation. S&P's base case scenario sees the Lebanese government making further progress on reforms in the short term to improve investor confidence, but the fiscal deficit would still narrow only gradually, to 10% of GDP in 2019 from an estimated 11.1% of GDP in 2018.

As a result, S&P projected subdued by positive economic growth of 0.2% during the year followed by a slight pickup in activity to 1.2% in 2020 and to 2.2% by 2022. The agency argued that financial risk will be offset by increasing tourist arrivals from the Gulf Cooperation Council, the gradual start of exports to Syria, and the disbursement of BdL's \$1.1bn stimulus package which was delayed until July. The effects of potential oil and gas were excluded from the base case scenario due to uncertainty surrounding discoveries and ongoing maritime disputes.

RATINGS AT FITCH LOWERED TO 'CCC'

Meanwhile, Fitch Ratings, another US-based ratings agency lowered Lebanon's long-term foreign-currency Issuer Default Rating to 'CCC' from 'B-' citing what it described as intensifying financing pressures illustrated by increasing dependence on unorthodox measures by the central bank. While recent policy steps indicate nascent fiscal adjustment, Fitch stated that it saw a lack of a credible medium-term strategy to stabilize debt/GDP.

Nevertheless, the ratings agency described as strengths Lebanon's unblemished track record of public debt repayment and the depth of the financial system with very few episodes of deposit outflows in the last 15 years. Public debt is predominantly held by the country's large banking sector and monetary authority, while non-resident depositors are mostly diaspora Lebanese, according to Fitch.

Economic indicators (S&P)

	2018	2019f	2020f
Nominal GDP (\$bn)	56.4	57.7	59.5
Real GDP growth	0.3%	0.2%	1.2%
CPI growth	6.1%	3.5%	2.5%
Exchange rate	1,507.5	1,507.5	1,507.5
Real export growth	3.0%	2.4%	3.0%
Real investment growth	3.4%	0.5%	3.0%
Current account (% of GDP)	-22.1	-22.8	-21.5
Residents' deposit dollarization	66.1%	67.0%	66.0%
Fiscal balance (% of GDP)	-11.1	-10.0	-9.5
Primary balance (% of GDP)	-1.5	0.7	1.8
Interest/revenues	46.9	52.2	54.4
Debt (% of GDP)	139.2	146.0	150.9
Net debt (% of GDP)	122.7	130.1	135.5

Source: S&P, Economena, SGBL Research

Lebanon sovereign ratings by S&P



Source: S&P, Economena, SGBL Research

LATEST DATA

Key indicators	Unit	2018	May-19	Jun-19	Jul-19	%Y/Y	YTD	PYTD
Cleared cheques	\$bn	66.57	4.15	4.08	5.07	-13.0	32.57	38.68
Real estate transactions	\$bn	8.13	0.38	0.29	0.30	-56.4	3.02	4.56
Construction permits	Sqm, m	9.02	0.65	0.42	n.a.	-32.1	3.48	5.02
Cement deliveries	Tons, m	4.70	0.32	0.28	n.a.	-27.3	1.56	2.31
Tourist arrivals	m	1.96	0.13	0.23	0.28	7.4	1.21	1.12
Airport traffic	m	8.84	0.57	0.84	1.03	0.7	5.01	4.84
Balance of payments	\$bn	-4.82	-1.88	-0.20	n.a.	-68.0	-5.39	-0.21
Money supply: M3	\$bn	141.29	139.33	139.93	n.a.	-1.0	-1.36	2.68
BSE volumes	m	90.01	2.12	1.69	1.97	-8.9	189.47	60.68
Passenger car sales		33,012	2,458	2,616	2,948	-19.6	16,124	20,873
Hotel occupancy (average)	%	65.05	44.8	76.7	n.a.	15.8	69.40	61.03

Indices	Unit	2018	May-19	Jun-19	Jul-19	%Y/Y	%YTD
Consumer Confidence Index - ARA		113.25	n.a.	n.a.	n.a.	-21.7	-7.3
Consumer Price Index		106.65	109.92	109.00	108.50	1.4	0.4
Purchasing Managers' Index		46.28	46.30	46.30	47.70	5.1	3.2
BdL Coincident Indicator		307.72	297.40	293.10	n.a.	-1.6	-2.5

Trade	Unit	2018	Apr-19	May-19	Jun-19	%Y/Y	YTD	PYTD
Imports	\$bn	19.98	1.36	2.46	1.38	-14.8	10.14	9.58
Exports	\$bn	2.95	0.27	0.32	0.28	32.5	1.72	1.54
Trade balance	\$bn	-17.03	-1.09	-2.14	-1.09	-22.1	-8.41	-8.04
Port of Beirut volumes	TEUs, m	1.31	0.11	0.10	0.12	1.1	0.62	0.64

Financial and monetary	Unit	2018	Apr-19	May-19	Jun-19	%Y/Y	YTD	%YTD
Commercial bank assets	\$bn	249.48	253.65	253.63	255.98	9.1	6.50	2.6
Claims on the resident private sector	\$bn	51.80	49.62	49.26	48.96	-6.9	-2.83	-5.5
Claims on the non-resident private sector	\$bn	7.12	6.94	6.64	6.62	2.8	-0.49	-6.9
Claims on the public sector including securities	\$bn	33.60	33.16	32.64	32.43	-2.3	-1.17	-3.5
Resident private sector deposits	\$bn	136.56	135.50	134.54	135.21	-1.0	-1.35	-1.0
<i>Dollarization rate (average)</i>	%	63.83	66.08	66.47	66.72	3.4	1.06	1.1
Non-resident private sector deposits	\$bn	37.72	37.21	36.32	36.92	0.5	-0.80	-2.1
<i>Dollarization rate (average)</i>	%	87.63	88.57	88.81	88.96	1.6	0.39	0.4
Private sector deposits with commercial banks	\$bn	174.28	172.71	170.85	172.13	-0.7	-2.15	-1.2
Private loans / deposits	%	38.48	36.62	36.61	36.21	-2.3	-1.72	-1.7
Public sector deposits	\$bn	9.30	8.33	8.60	9.16	-13.3	-0.14	-1.5
BdL foreign assets	\$bn	44.28	43.38	41.66	42.80	-4.2	-1.48	-3.3
BSE market capitalization	\$bn	9.68	9.02	8.51	8.58	-17.8	-1.10	-11.4
Gross public debt	\$bn	85.14	85.85	85.38	85.73	3.3	0.59	0.7

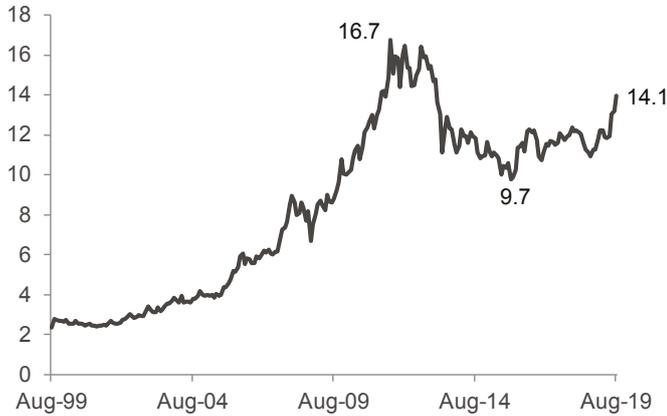
Public finance	Unit	2018	Apr-19	May-19	Jun-19	%Y/Y	YTD	PYTD
Revenues	\$bn	11.55	0.88	1.00	1.29	12.5	5.75	5.94
<i>Value Added Tax</i>	\$bn	2.55	0.23	0.21	0.11	-17.7	1.12	1.24
<i>Telecommunications</i>	\$bn	1.07	0.00	0.08	0.07	-	0.36	0.32
<i>Income taxes</i>	\$bn	2.99	0.28	0.36	0.77	15.9	2.16	1.84
<i>Customs taxes</i>	\$bn	1.34	0.11	0.12	0.10	-16.3	0.63	0.66
Expenditures	\$bn	17.79	1.30	2.01	1.32	4.8	8.17	8.98
<i>Transfers to EdL</i>	\$bn	1.76	0.21	0.10	0.11	1.3	0.72	0.74
<i>Debt service</i>	\$bn	5.41	0.39	0.91	0.36	19.7	2.63	2.78
Primary balance	\$bn	-0.64	-0.01	-0.06	0.35	74.3	0.31	-0.16
Fiscal balance	\$bn	-6.25	-0.41	-1.01	-0.03	-71.6	-2.42	-3.04

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

KEY TRENDS

BdL gold holdings (\$bn)

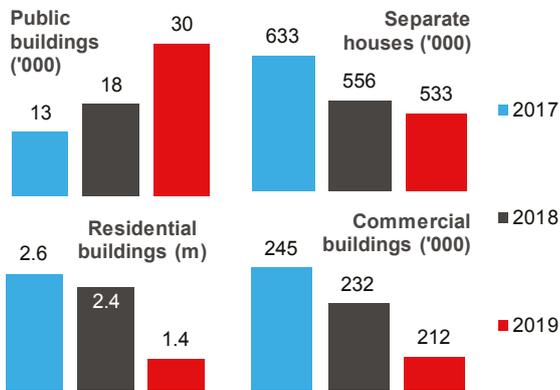
A recent uptick in gold prices is driving up the value of Banque du Liban's gold reserves of 9.2 million Troy Ounces. The Central Bank's gold holdings reached \$14.1bn by the end of August 2019, a gain of \$3bn during the prior 12 months, BdL data showed. Gold reserves had peaked at \$16.8bn in 2011 following a sharp increase in gold prices.



Source: BdL, Economena, SGBL Research

Construction execution orders by OEAB (Jan-Jul, sqm)

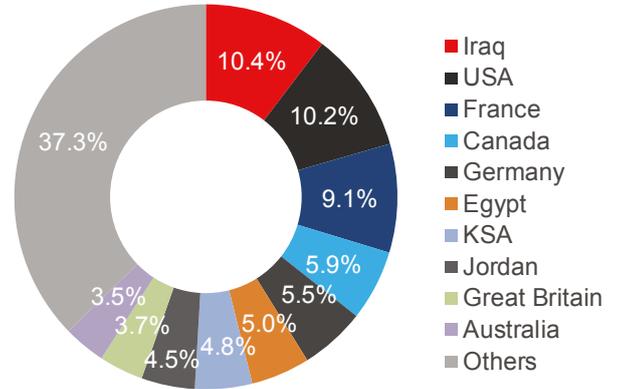
Waning investment appetite is taking a toll on new construction projects. Execution orders for residential and commercial buildings, typically granted within six months of construction starts, fell by 37.6% yoy to 1.7 million square meters in the first seven months of 2019, according to permits issued by the Order of Engineers and Architects of Beirut.



Source: OEAB, Economena, SGBL Research

Visitor arrivals to Lebanon (Jan-Jul 2019)

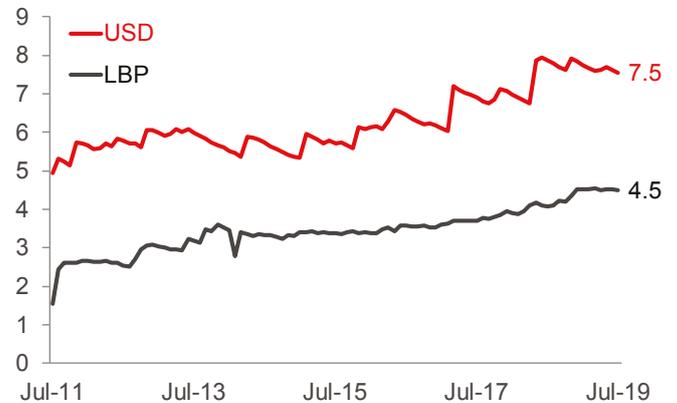
The number of arrivals to Lebanon surged by 8.1% yoy to 1.2 million visitors in the first seven months of 2019, topped by visitors from Iraq with a share of 10.4%, Ministry of Tourism data showed. Visitors from the United States, France, and Canada followed with 10.2%, 9.1%, and 5.9% of total arrivals respectively.



Source: CAS, MoF, Economena, SGBL Research

Weighted average life of Treasury bills (years)

Financial risk emanating from government debt levels is mitigated by a favorable maturity profile for outstanding Treasury bills. The weighted average life of local currency Treasury bills reached 4.5 years by July 2019, while foreign currency bonds had an average weighted life of 7.5 years.



Source: ABL, BdL, Economena, SGBL Research

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