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Lebanese economy may squeeze out 2.5% growth in 2015

The economy is expected to squeeze out growth of 2.5% in 2015, according to Moody's Investor Services, even as key sectors struggle to save face amid waning investor sentiment and slumping exports.

Projections of acceleration in economic growth come amid virtual absence of fiscal policymaking and mounting risks of spillovers from Syria. Consensus on economic reforms is often elusive amid a challenging political environment, which will likely lead to a widening in the country's twin deficits and debt burden in 2015-2016, according to Moody's. The rating agency stated that general government debt may trend upwards in 2015 and 2016, to 126% of GDP, after falling slightly in 2014.

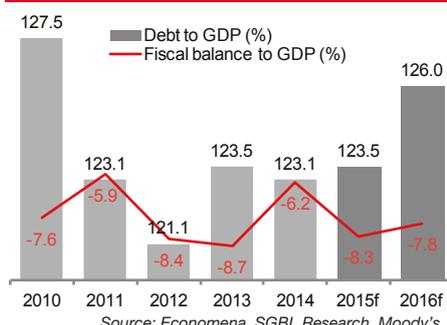
Gross public debt grew 7.06 % yoy to \$69.5bn, a rise of \$4.6bn in the 12 months through April, with 60.5% denominated in local currency. Still, Moody's noted that Lebanon has demonstrated a strong capacity to withstand even higher debt levels and Lebanese banks continue to be willing and able to provide financing to the government, supported by strong deposit inflows. The country's economic growth will likely be supported by low oil prices, a slight recovery in tourism numbers and continued private sector credit growth benefiting from Central Bank stimulus.

Banque du Liban's (BdL) coincident indicator, a composite measure of economic activity, is so far pointing to a rough start to the year. The indicator averaged 275.3 points through April, a drop of 0.77% yoy over the period, including a 1.42% slump in the first quarter.

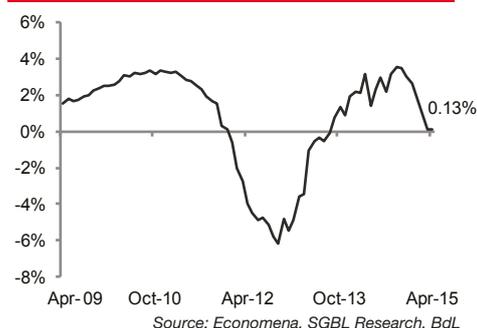
A slowdown in real estate and construction is weighing on the country's economic prospects. The sector is expected to fare the worst, according to a survey of 17 economists from academia and major companies conducted in May. None of the surveyed economists expected real estate transactions or prices to rise in the next 12 months, while 10 projected declines in both.

Property transactions are already down 24% yoy to \$2.9bn in the first five months of 2015, despite close to \$600m in subsidized stimulus package funds allocated to housing loans for the year. Falling transactions volumes likely contributed to a slowdown in private sector loan growth in the first four months of the year, and may have weighed on real estate registration fees collected by the government over the period. Developers also appear to be cautious over the cooling realty market. Cement deliveries, an indicator of current construction activity, fell by 23% yoy to 1.32 million tons in the first four months, their biggest decline for the period since 2000.

Public finance indicators



Cleared cheques (12m moving sum, % yoy)



The area of permits issued by Lebanon's two orders of engineers slumped 20.3% yoy to a six-year low of 4.86 million square meters through May.

A similar slowdown in construction permits, which are typically issued several months before construction is scheduled to start, points to sluggish construction activity in the next 12-18 months. The area of permits issued by Lebanon's two orders of engineers slumped 20.3% yoy to a six-year low of 4.86 million square meters through May.

Business activity in general has weakened in recent months with the value of cleared cheques decreasing by 5.72% yoy to \$22.7bn through April, combined with a 13.65% yoy rise in returned cheques to \$533m. New car sales are down 2.29% yoy to 15,094 vehicles through May following new down payment requirements for car loans and lower demand.

Growth in private consumption, which has largely defied economic odds in recent years, is likely stagnating on decreasing confidence and lower foreign funding for Syrian refugees. Consumer confidence fell by 30.7% yoy to 79 points in May on growing security concerns following clashes along the Syrian border and political deadlock. As of June 25, Lebanon had received an estimated \$420.2m in donations to assist Syrian refugees in the country in 2015, equivalent to only 21% of funding requirements.

SOME GROUNDS FOR OPTIMISM

Most main economic drivers of recent years are losing steam, but the economy is still expected to accelerate in 2015 thanks in large to savings in the energy import bill and to a rebound in tourism. Tourist arrivals have so far posted a 14-month streak of gains, including an increase of 18.34% yoy to 524,334 visitors in the first five months.

The resurgence of tourist inflows translated into improved indicators for the hospitality sector through the first five months of 2015. Four and five-star rated hotels in Beirut reported an average occupancy rate of 55% through May, up from 46% over the same period in 2014.

Consumers are also still reaping the benefits of lower oil prices, although the trend will likely begin to reverse in coming months. The national Consumer Price Index decreased 3.4% yoy on average in the first five months, but is projected by Moody's to grow by 0.8% in the full year 2015, before rebounding to 2.8% the following year.

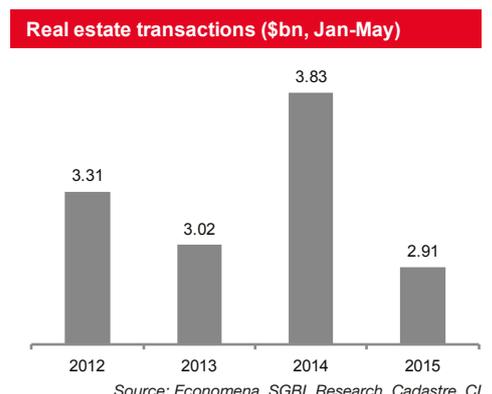
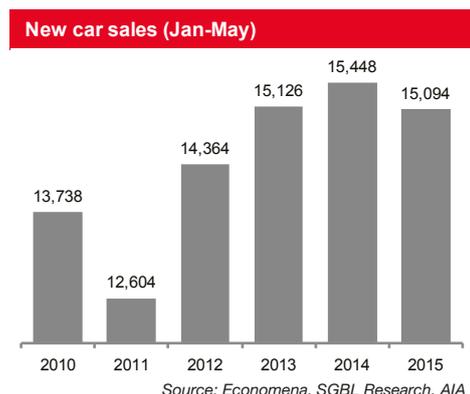
Bank deposits also staged a comeback in April after months of lackluster growth. The country's commercial banks have so far seen their private deposits rise by \$3.07bn in the first four months of the year, up from \$1.99bn over the same period in 2014. Deposits of non-residents rose by 11.7% yoy to \$31.25bn in April, including a net increase of \$948m in the first four months of 2015, signaling continued confidence in the country's banking sector.

The country's commercial banks have so far seen their private deposits rise by \$3.07bn in the first four months of the year, up from \$1.99bn over the same period in 2014.

Buoyed by higher non-resident deposits and by a contraction in the trade deficit, Lebanon's balance of payments swung to a surplus of \$136m in April, the first since September 2014, but it remains \$714.2m in the red for the year.

Foreign investment in Lebanon also posted a technical rebound in 2014, but remains below pre-2011 levels. Foreign direct investment inflows rose by 6.6% to \$3.07bn during the year, while outflows slowed by 3.5% to \$1.89bn, as per the United Nations Conference on Trade and Development. Total FDI in the Middle East dropped from \$51.41bn in 2013 to \$44.22bn in 2014.

Stringent payment practices at the Ministry of Finance led to a primary cash surplus of \$157.8m in January, 10.8% more than in the same month in 2014, as revenues and spending fell in lockstep. The cash fiscal deficit, which includes debt servicing costs, also shrank by 6.4% yoy to \$111.66m. Compressing spending on an ad hoc basis, however, is not a lasting strategy to reduce the deficit, according to the IMF. Instead, the reported increase in delayed payments could result in future government obligations and further undermine economic activity.



Deposit surge helps swing balance of payments to a surplus in April

A surge in private sector deposits helped swing Lebanon's balance of payments to a surplus in April after six consecutive months in deficit. Credit activity, however, remains sluggish amid weak investor sentiment.

Private sector deposits surged by \$2.04bn in April to \$147.5bn after several months of lackluster growth. The country's banks have so far seen their private deposits rise by \$3.07bn in the first four months of the year, up from \$1.99bn over the same period in 2014.

Growth in deposits of non-residents showed relative buoyancy despite a protracted political stalemate and the Syrian conflict. Deposits of non-residents rose by 11.7% yoy to \$31.25bn in April, including a net increase of \$948m in the first four months of the year. At the same time, residents added \$2.1bn in deposits in the first four months, down from \$2.5bn over the same period in 2014.

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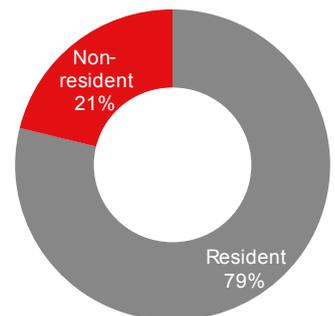
Positive deposit growth in the early months of 2015 demonstrates foreign and domestic confidence in Lebanon's banking sector amid regional uncertainty and rising risk in Europe surrounding Greek debt negotiations. Large remittance and deposit inflows support banking sector stability, and the Lebanese Central Bank's foreign exchange reserves, which topped \$33.8 billion by April 2015, bolster confidence in the exchange rate peg and the financial system, stated Moody's Investor Services in a June report.

Financial results of Lebanon's largest banks have also regained their footing in recent quarters, with profits of Alpha Group banks, those with over \$2bn in deposits, rising by 11.7% yoy to \$479.1m in the first quarter, the fourth consecutive period of positive growth.

The rise in profits, however, was sourced almost entirely from foreign operations as the domestic market enters its fifth year of lackluster economic activity. In particular, resurgent growth in Egypt and Jordan, where several of the largest Lebanese banks operate, is contributing to much of the balance sheet expansion and higher profits. Domestic net profits rose only 0.2% yoy in the first quarter, while foreign net profits surged 82.5% yoy, with the latter comprising 22.8% of total profits over the period up from just 13.9% in the first quarter of 2014.

On the other hand, credit activity in the local market continued to slow but remains supported by the Central Bank's stimulus package for housing, clean energy, the knowledge economy, and various productive sectors. Claims on the private sector inched up \$526m in the first four months, a multi-year low for production levels at Lebanon's banking sector. Loans guaranteed by Kafalat to Small and Medium Enterprises dropped by 28.1% yoy to \$32.1m in the first five months, with banks extending only 221 loans under the program, compared with 356 loans over the same period in 2014.

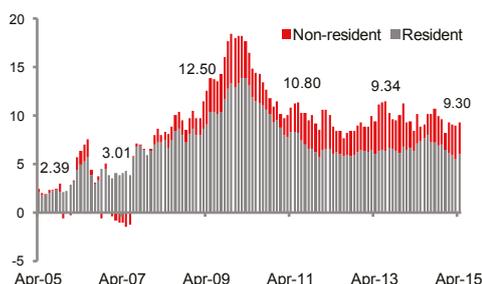
Private sector deposits, April 2015



Source: Economena, SGBL Research, BdL

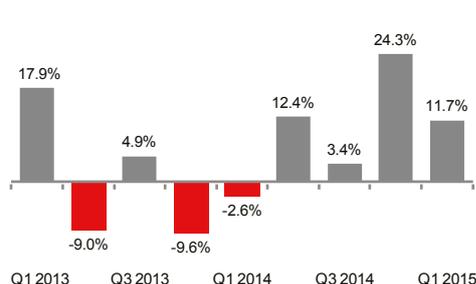
Profit growth was sourced almost entirely from foreign operations.

Private sector deposits (yoy change, \$bn)



Source: Economena, SGBL Research, BdL

Alpha Group profits (% yoy)



Source: Economena, SGBL Research, Bankdata Financial Services

Tourism sector maintains robust performance through May

A sharp increase in the inflow of tourists from Iraq and the Gulf bolstered Lebanon's travel and tourism sector and placed it among the best performing industries in the first five months of 2015.

Key indicators in the sector posted double-digit growth rates, including number of tourists, tourist spending, hotel occupancy, and airport traffic. Arrivals rose in May for the 14th month in a row to 524,334 visitors in the first five months of 2015, excluding Syrians and Palestinians, an increase of 18.34% over the same period in 2014.

Lebanon has enjoyed a relatively stable domestic security situation since the successful implementation of a national security plan in mid-2014. Stable security allowed for the lifting of travel warnings for the country by Gulf countries, leading to a 51.6% yoy rebound in arrivals from Saudi Arabia to 19,367 visitors in the first five months of the year.

Indeed, more tourists from most countries, including the United States, France, Germany, Egypt, and Jordan visited Lebanon in the first five months of 2015 than over the same period of 2014. In particular, the number of Iraqi tourists surged 17.5% yoy to 67,738, representing 12.9% of the total and the single largest group of visitors in 2015 through May.

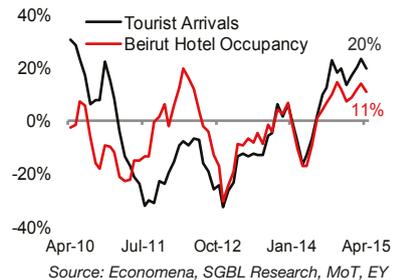
An increase in airport passenger traffic corroborates the upward trend in tourist activity. Disembarked passengers increased by 9.62% yoy to 1.23 million, a record high for the period. Heightened risk of travel by land through Syria and an international embargo on Syria's national airline is contributing to a diversion of passenger traffic to Beirut's international airport. Increased air traffic resulted in a 362.9% yoy increase in government revenues from the airport to a multi-year high of \$19.72m in January 2015.

The resurgence of the tourist inflows also translated into improved indicators for the hospitality sector. Four and five-star hotels in Beirut reported an average occupancy rate of 55% in the first five months of 2015, with Revenues per Available Room (RevPAR) of \$93, up from 46% and \$70 respectively during the same period in 2014, according to a survey by Ernst & Young.

Capital investment in travel and tourism is projected to increase by 3% in 2015 to meet expected growth in the tourism sector, according to the World Tourism and Travel Council (WTTC). Business tourism, which contributed to 14.3% of total tourist spending in 2014, is expected to grow faster, at 3.3% compared with leisure spending which is seen growing by 0.3% in 2015. Similarly, domestic travel spending will likely contribute to a growing share of the sector in 2015 on growth of 3.2% during the year, while spending by foreign visitors is forecast to inch up only 0.2%.

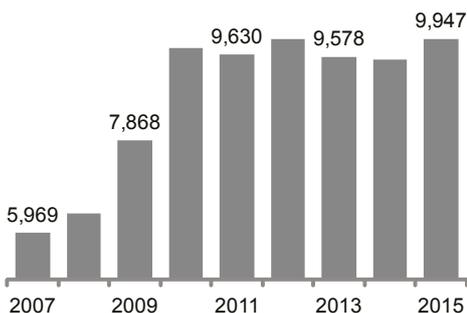
Higher spending will have a significant impact on the contribution of travel and tourism to GDP, according to the WTTC. The sector's direct contribution to GDP reached 7.6% in 2014, ahead of the Middle East's average of 2.7%, and is projected to grow further to 9.4% in 2015.

Tourism activity (3m moving average, % yoy)

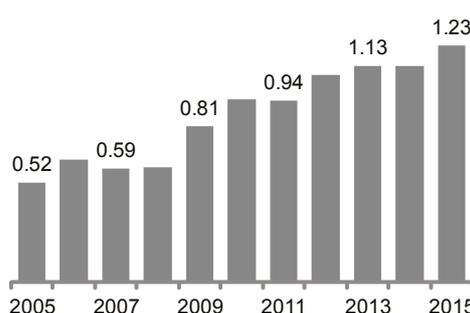


Capital investment in travel and tourism is projected to increase by 3% in 2015 to meet expected growth in the tourism sector.

BIA aircraft landings (Jan-Apr)



BIA arrivals (Jan-May, Millions)



Source: Economena, SGBL Research, BIA

Health insurance lifts sector premiums as motor and cargo stall

Rising health premiums are driving much of the insurance sector’s expansion as fierce competition and a slowing economy dent growth in other non-life segments, including motor, cargo, and fire.

Gross insurance premiums rose by 6% yoy to \$417.7m in the first quarter, their fastest pace over the past year, while claims slid 1% yoy to \$179.2m. Fast growth in the health insurance segment is helping nudge the sector forward, despite slowing demand in other non-life segments. Total premiums will likely maintain a similar growth trend in coming years to reach \$1.96bn by 2019, according to BMI Research.

Medical premiums, the sector’s second largest segment, grew by 14% yoy to \$162.3m in the first quarter. The increase, however, resulted from higher premiums for Lebanese policyholders and not from stronger demand. In fact, the number of subject matters, those covered by medical insurance policies, fell 6% yoy to 221,817 people in the first three months of 2015, including an 8% yoy drop in the number of non-expatriates covered by private medical insurance. The strong showing in medical premiums was offset during the period by a 21% yoy leap in claims, as healthcare costs and quality private care have become more expensive in Lebanon.

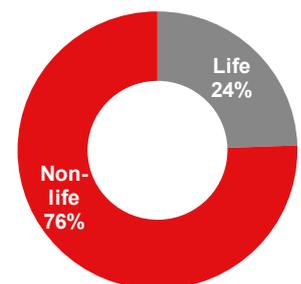
Health insurance premiums are expected to grow by a strong 10.8% to \$492m in 2015, according to BMI Research, while motor premiums are seen inching up by only 3.4% to \$354m on high competition and downwards price pressure. Downwards price pressures are unlikely to ease in the absence of a wave of consolidation, according to BMI Research.

Slow growth in Lebanon and down payment requirements on car loans have already led to a 1% yoy drop in total car registrations in the first four months of the year, including a 0.75% yoy decline in new car sales to 3,370 vehicles.

As a result, motor insurance premiums barely grew in the first quarter, up 1% yoy to \$79m while the number of insured vehicles shrank by 5% yoy to 238,110. Visitors to Lebanon from Jordan and the Gulf have been unable to travel by land since the conflict in Syria erupted in 2011, dealing a blow to motor insurance products like the orange card for visiting vehicles. Sluggish trade activity and falling prices of traded goods are also adding pressure on cargo insurance premiums which decreased by 16% yoy to \$7.2m in the first three months, alongside a 5% decline in the number of subject matters to 16,120.

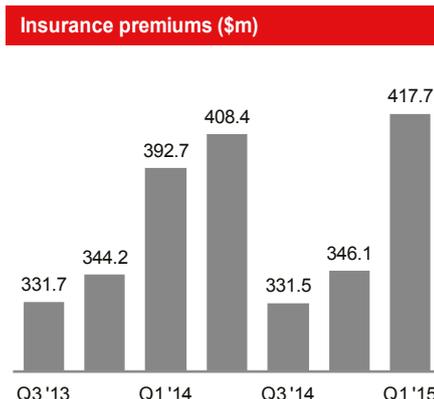
Growth in life insurance, which contributed to 24% of sector premiums, was subdued but positive. Premiums increased by a tepid 5% yoy to \$102.1m in the first quarter, and claims fell by 30% yoy to \$30.1m, which should bode well for margins. One of the main challenges for life insurers is that existing users have limited need for new products, while new users are difficult to reach, according to BMI Research. The market research company expects life insurance premiums to reach \$448m in 2015, 5% more than in 2014.

Gross insurance premiums, Q1 2015



Source: Economena, SGBL Research, ACAL

Sluggish trade activity and falling prices of traded goods are also adding pressure on cargo insurance premiums which decreased by 16% yoy to \$7.2m in the first three months.



Insurance indicators in Q1 2015 (\$m)

	Premiums	%yoy	Claims	%yoy
Life	102.1	5%	30.1	-30%
Non-life	315.6	7%	149.1	8%
Medical	162.3	10%	85.4	21%
Motor	79.0	1%	45.2	-4%
Fire	37.5	2%	6.2	-9%
Workmen	11.7	1%	6.2	-1%
Cargo	7.2	-16%	2.1	-6%
Civil liability	4.8	-1%	1.7	-23%
Engineering	2.7	25%	0.6	-34%
Credit	1.3	267%	n.a.	n.a.
Other	10.3	-17%	n.a.	n.a.
Total	417.7	6%	179.2	-1%

Source: Economena, SGBL Research, ACAL

Government sharply cuts back spending as revenues dry up

Lebanon's primary surplus widened to \$157.82m in January, but a decision by the Ministry of Finance (MoF) to begin reporting Telecom revenues on a cash basis makes comparisons with performance in January 2014 less meaningful.

Lebanon's government cut back spending by 16.78% yoy to \$0.99bn in January, after cash revenues plummeted 17.94% yoy to \$878.33m, their worst showing on record during the month of January, data showed. Public finances still posted a primary surplus of \$157.8m as revenues and spending fell in lockstep, 10.8% more than in the same month in 2014. The cash fiscal deficit, which includes debt servicing costs, also shrank by 6.4% yoy to \$111.66m in January.

Nearly half of the \$192m decline in revenues can be attributed to the MoF's decision to begin reporting telecom revenues on a cash basis starting 2015, instead of estimates as in previous years. Fiscal performance results in the first half of 2014 had shown estimated revenues of \$0.94bn from telecom, even though no actual cash was received during the period.

The Ministry of Telecom (MoT) announced in 2015 that it has transferred \$206m to MoF for the months of May and June, but no announcements were made about prior months. Still, accrued revenues from telecom for the state have likely remained the same in the first half of 2015 on stable activity in the sector.

Fiscal performance in the first month is also not necessarily a trend setter, especially given the irregularity of major cash receipts and payments at the Ministry of Finance. However, the breadth and depth of the decline in revenue sources seems to confirm a drop in economic activity in the country at the start of the year. The Lebanese economy contracted by an estimated 3.71% in January, based on the Central Bank's Coincident Indicator measure.

Revenues fell across the board. The Value Added Tax (VAT), the government's biggest cash cow, brought in 4.47% yoy less in January, the third consecutive month of decline. Customs revenues also started the year down 1.73% yoy to \$111.6m, while real estate registration fees fell by 6.6% yoy to \$38.1m as trade volumes and real estate activity shrank.

On the other hand, double-digit growth in income taxes reflects rising profits as businesses look to improve efficiency amid falling sales volumes. Revenues from income taxes rose by 10.25% yoy to \$229.1m in January, with taxes on profits surging by 32.5% yoy to \$66.5m. The 5% tax on interest generated 3.3% yoy more for the government in January, in line with growth in private sector deposits.

Business managers in Lebanon reported a significant decline in their portfolios of the public works projects in the final quarter of 2014. Thirty-seven percent more businesses reported a decline in their portfolios than those reporting an increase, the widest negative balance in at least five years, according to a survey by BdL.

Construction and real estate activity, which contributed to 20% of Gross Domestic Product in 2013, have slowed considerably in recent months as investor confidence sags on continued political deadlock and a raging Syrian conflict. Parliament has failed to elect a new President for 13 months, and has been unable to approve foreign grants for public works projects worth \$1.2 billion, according to estimates by the MoF.

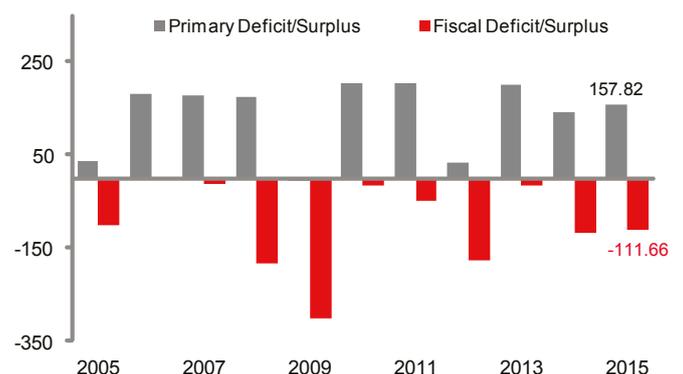
LOWER TRANSFERS TO EDL, HIGHER DEBT SERVICING

The reported drop in public spending during the month resulted partly from a 28.6% drop in transfers to Electricité du Liban, which reached \$124.6m during the month. MoF started reporting transfers to EdL on a cash basis after using the billing date for accounting purposes in previous years. Cash payments for budgetary spending in previous years also dropped by almost a third to \$200.6m, and municipalities received 58.59% yoy less, or \$14.57m, from the Treasury during the month.

On the other hand, debt servicing rose by \$8.5m yoy to \$257.3m as the country's debt stock increased. The government paid \$4.2bn to service its debt in the 12 months through January, an increase of 9.47% yoy. Meanwhile, gross public debt is up 7.06% yoy to \$69.5bn, a rise of \$4.6bn in 12 months through April, with 60.5% denominated in local currency.

In June, Fitch Ratings affirmed Lebanon's 'B' Issue Default Ratings with a negative outlook citing weak public finances and economic performance compared to similarly-rated peers. Fitch projected additional increases in Lebanon's debt and its servicing costs, but said that strong external liquidity and sustained non-resident deposit inflows help offset weaknesses in the country's ratings.

Government budget balance (\$m, Jan)



Source: Economena, SGBL Research, MoF

LATEST DATA

Key indicators	Unit	2014	Feb-15	Mar-15	Apr-15	%Y/Y	YTD	PYTD
Cleared cheques	\$bn	74.27	5.23	5.90	5.71	-4.81	22.66	24.04
Real estate transactions	\$bn	8.95	0.48	0.62	0.62	-20.46	2.24	2.83
Construction permits	Sqm, m	13.55	0.97	0.93	1.05	-17.23	3.80	4.69
Cement deliveries	Tons, m	5.52	0.23	0.41	0.41	-17.47	1.32	1.71
Tourist arrivals	m	1.35	0.09	0.11	0.12	13.91	0.40	0.33
Airport traffic	m	6.57	0.39	0.48	0.60	10.28	1.97	1.80
Balance of payments	\$bn	-1.41	-0.15	-0.42	0.14	-	-0.71	0.26
Money supply: M3	\$bn	117.68	117.71	118.06	119.75	5.58	119.75	113.43
BSE volumes	m	96.79	21.88	10.02	1.02	-43.99	35.84	19.23
Passenger car sales		37,816	2,141	2,966	3,198	6.85	10,741	10,789
Hotel occupancy (average)	%	52.00	55.00	54.00	56.00	4.00	53.75	42.75

Indices	2014	Mar-15	Apr-15	May-15	%Y/Y	%YTD
Consumer confidence index - ARA	80.58	98.00	86.00	79.00	-30.70	-5.95
Consumer Price Index	100.81	98.32	97.83	98.02	-3.26	-1.28
Purchasing Managers' Index	47.55	48.90	49.00	48.40	0.83	-1.83
BdL Coincident Indicator	273.18	279.70	n.a.	n.a.	2.91	-4.38

Trade	Unit	2014	Feb-15	Mar-15	Apr-15	%Y/Y	YTD	PYTD
Imports	\$bn	20.49	1.32	1.51	1.44	-11.98	5.61	7.04
Exports	\$bn	3.31	0.24	0.26	0.23	-21.78	0.98	1.07
Trade balance	\$bn	-17.18	-1.08	-1.25	-1.21	-9.78	-4.64	-5.96
Port of Beirut volumes	TEUs, m	1.21	0.08	0.09	0.09	5.84	0.35	0.38

Financial and monetary	Unit	2014	Feb-15	Mar-15	Apr-15	%Y/Y	YTD	%YTD
Commercial bank assets	\$bn	175.70	176.55	176.95	179.40	6.97	3.70	2.11
Claims on the resident private sector	\$bn	45.37	45.37	45.70	45.99	8.26	0.62	1.37
Claims on the non-resident private sector	\$bn	5.53	5.23	5.44	5.44	-3.03	0.09	-1.71
Claims on the public sector	\$bn	37.35	38.68	38.95	38.50	2.11	1.14	3.06
Resident private sector deposits	\$bn	114.12	114.33	114.65	116.25	5.46	2.12	1.86
<i>Dollarization rate (average)</i>	%	60.13	59.64	59.39	59.50	-0.62	59.56	-0.49
Non-resident private sector deposits	\$bn	30.30	30.40	30.82	31.25	11.73	0.95	3.13
<i>Dollarization rate (average)</i>	%	87.54	87.05	87.06	86.86	-0.82	87.04	-0.41
Private sector deposits with commercial banks	\$bn	144.43	144.73	145.46	147.50	6.73	3.07	2.13
Private loans / deposits	%	39.08	39.69	39.86	39.56	1.02	39.73	-0.19
Public sector deposits	\$bn	9.26	11.22	10.92	10.49	2.95	1.23	13.25
BdL foreign assets	\$bn	37.86	38.89	38.48	37.73	4.46	-0.13	-0.35
BSE market capitalization	\$bn	11.22	11.77	11.94	11.56	4.61	0.34	3.04
Gross public debt	\$bn	66.58	69.25	69.44	69.46	7.08	2.88	4.33

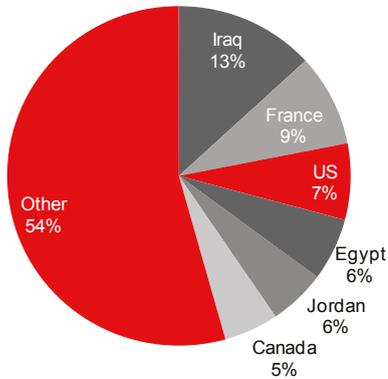
Public finance	Unit	2014	Jan-14	Dec-14	Jan-15	%Y/Y	YTD	PYTD
Revenues	\$bn	10.88	1.07	1.47	0.88	-17.94	0.88	1.07
<i>Value Added Tax</i>	\$bn	2.19	0.32	0.12	0.31	-4.47	0.31	0.32
<i>Telecommunications</i>	\$bn	2.01	0.10	0.84	0.00	-	0.00	0.10
<i>Income taxes</i>	\$bn	1.85	0.21	0.06	0.23	10.25	0.23	0.21
<i>Customs</i>	\$m	508.04	43.07	41.37	37.25	-13.52	37.25	43.07
Expenditures	\$bn	13.95	1.19	1.52	0.99	-16.78	0.99	1.19
<i>Transfers to EdL</i>	\$bn	2.04	0.17	0.23	0.12	-28.56	0.12	0.17
<i>Debt service</i>	\$bn	4.19	0.25	0.31	0.26	3.41	0.26	0.25
Primary balance	\$bn	1.31	0.14	0.28	0.16	10.84	0.16	0.14
Fiscal balance	\$bn	-3.07	-0.12	-0.05	-0.11	-6.44	-0.11	-0.12

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

KEY TRENDS

Tourist arrivals (Jan-Apr)

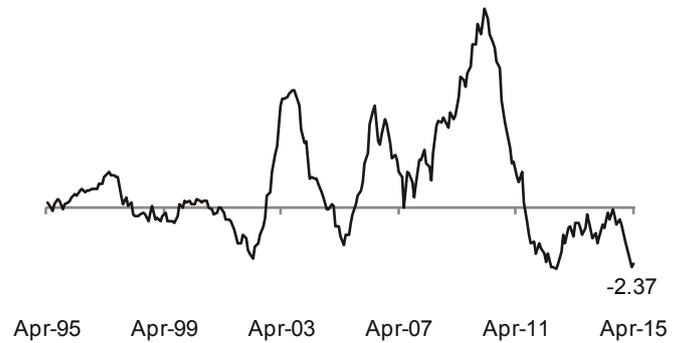
A surge in Iraqi visitors to Lebanon is helping restore some vitality to Lebanon's tourism sector. Tourists from Iraq were the single largest group of visitors in the first four months of the year, representing 13.2% of the total.



Source: Economena, SGBL Research, MoT

Balance of payments (\$bn, 12m moving sum)

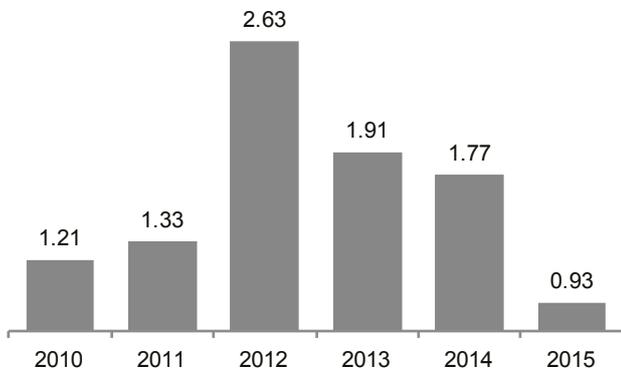
Lebanon's balance of payments has been in deficit since the conflict in Syria erupted in 2011. In the 12 months through April, the deficit reached \$2.38bn, down from a record surplus of \$8.58bn in the 12 months through March, 2010.



Source: Economena, SGBL Research, BdL

Imports of mineral products (\$bn, Jan-Apr)

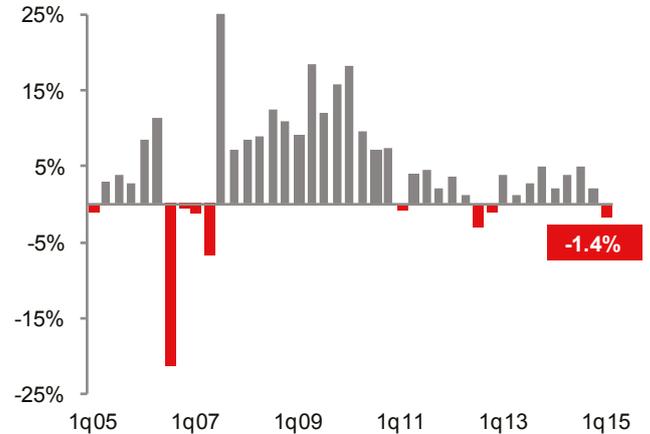
A drop in oil prices as well as lower imports of mineral products, including oil, saved Lebanon \$832m on its import bill in the first four months of the year. The country had imported \$4.9bn worth of mineral products in 2014.



Source: Economena, SGBL Research, Customs

BdL coincident indicator (%yoy)

The Lebanese economy contracted by 1.42% in the first quarter, based on BdL's coincident indicator, a composite measure of economic activity in the country. Declining real estate and construction activity is contributing to the slowdown as investor sentiment wanes.



Source: Economena, SGBL Research, BdL

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