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Lebanese exports to the GCC rebounded in 2017

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Key trends in the Lebanese economy

## MONETARY CONDITIONS IMPROVED AT THE START OF 2018

- BdL's foreign assets grew by \$958.8m in January 2018
- Foreign nationals warmed to Lebanese real estate in 2017
- Recovering GCC economies may support Lebanese exports in 2018

Banque du Liban's Coincident Indicator, a composite index measuring activity in the real economy, increased by an average of 5.3% yoy in the first 11 months of 2017, its fastest pace for the period in seven years. The rebound is supported by a pickup in the tourism and electricity sectors which gained considerable momentum in the first part of the year following a political breakthrough at the end of 2016.

Visitor arrivals finished the year up by 10% to 1.9 million persons, the second highest on record, lifting occupancy rates at Beirut's 4- and 5-star hotels and increasing estimated tourist spending by 6% in 2017. Electricity production also climbed by 14.6% yoy to a two-decade high of 13.7 billion kWh through November as more power plants came online.

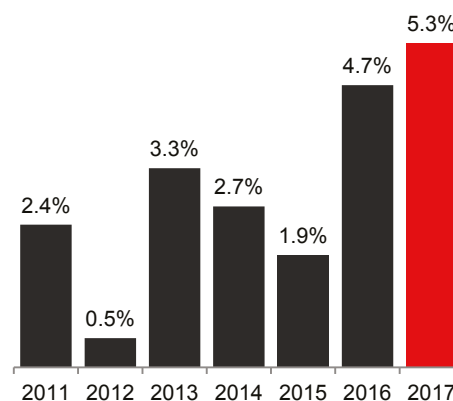
Growth in money supply M3 had also been accelerating before it was hit hard by the political crisis in November 2017. In recent weeks, however, money supply appears to have recouped much of its losses as deposit outflows from the country receded.

At the same time, the Central Bank succeeded at reversing net demand for the US dollar using higher deposit rates on the local currency. This allowed BdL to accumulate an additional \$958.8m in foreign assets in January 2018, bringing its total foreign assets to \$43bn at the end of the month.

Renewed investor confidence in Lebanon's financial markets translated into tighter Eurobond yields even as the public debt continued to swell. The political crisis in November had temporarily pushed up yields on Eurobonds in the secondary market, but they have come down significantly since then. Ten-year bond yields fell back to 6.96% by January 31, 2018 from a peak of 8.22% in November, data by Bloomberg showed.

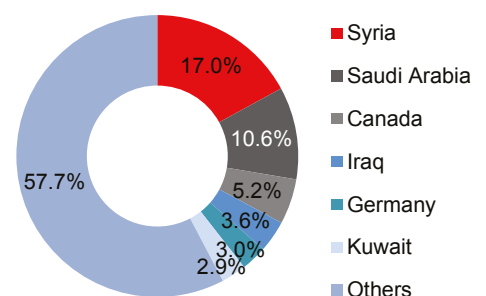
Lebanon's stock of public debt grew by \$4.5bn in the first 11 months of 2017, the most for the period since 2013, reflecting greater payroll spending from the new public sector salary

**BdL Coincident Indicator (Jan-Nov, %yoy)**



Source: BdL, Economena, SGBL Research

**Property sales to foreign nationals in 2017**



Source: DLR, Economena, SGBL Research

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scale. Meanwhile, debt service payments grew by 6.6% yoy to \$5bn in the 12 months through September 2017, but they remained relatively contained in comparison with revenues. Debt service as a percent of total cash receipts decreased to 45.8%, from 47% of revenues in September 2016.

### FOREIGNERS WARMING TO LEBANESE REAL ESTATE

More money poured into Lebanon's property market in 2017, but construction activity has remained largely stagnant, reflecting a glut in existing supply and economic uncertainty during the year. The value of real estate sales registered with the General Directory of Land Registry and Cadastre (GDLRC) grew by 17.4% to \$10bn during the year, breaking the previous record of \$9.4bn registered in 2010.

Syrian nationals led the drive in foreign buying of real estate in Lebanon in 2017, followed by nationals of Saudi Arabia.

The rising number of property sales points to broadening demand, not a handful of large transactions. The total number of registered sales transactions grew by 14.5% to 73,514 transactions in 2017, with foreigners reporting 1,364 property acquisitions, 21.4% more than in 2016. Syrian nationals led the drive in foreign buying of real estate in Lebanon in 2017, with a share of 17% of the total value of sales transactions registered with GDLRC, followed by nationals of Saudi Arabia and Canada with 10.6% and 5.2% respectively.

Sales activity, however, has not yet triggered a change in developers' outlook for the construction industry. Cement deliveries, a coincident indicator of construction activity, slipped 4.9% yoy to 4.7 million tons in the first 11 months of 2017, catching up to a similar downward trend in permits.

Real estate and construction are poised to face more headwinds in 2018. Political tensions ahead of Parliamentary elections scheduled for May 6 will likely weigh on investment sentiment and on bank lending to the two industries. At the same time, softer pricing will be partially offset by higher borrowing rates in the local market, and by a series of new taxes introduced in late 2017.

### EXPORTS MAY PICKUP IN 2018

Lebanon's goods exports to Gulf Cooperation Council (GCC) countries staged a major comeback in the last quarter of 2017, helping soften the drop in aggregate export activity during the year. Sales to the GCC finished the year up 6.6% to \$740.6m, led by exports to the United Arab Emirates which surged by 11.3% to \$265.6m, Customs data showed.

Lebanese businesses appear to be reaping some benefits from the Saudi-led embargo on Qatar which started in June 2017. Exports to Qatar jumped by 30.3% to a seven-year high of \$98.6m in 2017. Sales to Kuwait and to Oman also grew by 21.4% to \$91.8m and by 18.5% to \$26.8m respectively, their fastest pace in the post-Syrian conflict period.

Merchandise exports are projected to grow by 7.6% in 2018, supported by re-opening the blocked trade routes by mid-2018 with Syria and Iraq following the defeat of ISIS, according to the Institute of International Finance, while higher oil prices may prop up demand from the GCC during the year.

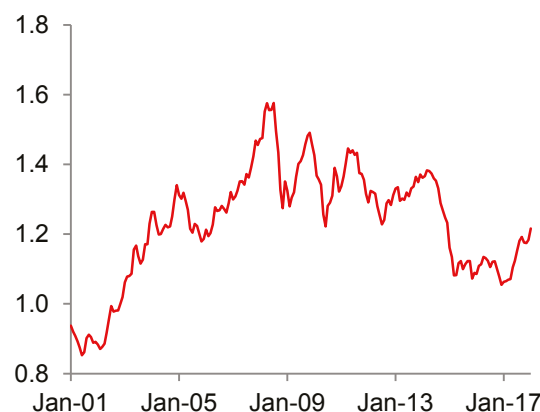
### INFLATIONARY PRESSURES MOUNTING

Higher commodity prices and appreciation in the Euro are fueling inflationary pressures in Lebanon after two years of decreasing prices. The Consumer Price Index increased by an average of 4.5% in 2017, and gained considerable momentum in the final months of the year, data by the Central Administration of Statistics showed.

Inflation is projected to accelerate to 4.6% in 2018 before receding to 3.8% in 2019.

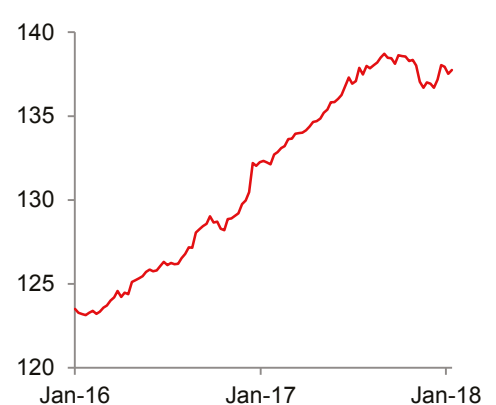
Inflation is projected to accelerate further to 4.6% in 2018 before receding to 3.8% in 2019, according to the IIF. Retail gasoline prices already rose by 4.9% in January and the Euro gained another 2.9% during the month through January 29, likely adding further tailwind to consumer prices in Lebanon.

EUR/USD exchange rate, monthly average



Source: FRED, Economena, SGBL Research

Money supply M3 (\$bn)



Note: Weekly values through 18 January, 2018  
Source: BdL, Economena, SGBL Research

## LEBANESE EXPORTS TO THE GCC REBOUNDED IN 2017

- Exports to the UAE, Qatar, and Kuwait hit a seven-year high in 2017
- Growing food imports indicate strengthening domestic demand
- Exports projected to rise by 7.6% in 2018 - IIF

Lebanon's goods exports to Gulf Cooperation Council (GCC) countries staged a major comeback in the last quarter of 2017, helping soften the drop in aggregate export activity during the year. Sales to the GCC finished the year up 6.6% to \$740.6m, led by exports to the United Arab Emirates which surged by 11.3% to \$265.6m, while total exports edged down by 4.5% to \$2.8bn, Customs data showed.

Lebanese businesses appear to be reaping some benefits from the Saudi-led embargo on Qatar which started in June 2017. Exports to Qatar jumped by 30.3% to a seven-year high of \$98.6m in 2017. Sales to Kuwait and to Oman also grew by 21.4% to \$91.8m and by 18.5% to \$26.8m respectively, their fastest pace in the post-Syrian conflict period.

On the other hand, demand from Saudi Arabia and from Bahrain resumed its decline, reflecting partly sluggish economic activity in the two countries. In particular, exports to Saudi Arabia fell by 8.8% to a multi-year low of \$243.2m, offsetting much of the gains in exports to the rest of the GCC.

Meanwhile, a pick up in economic activity in Lebanon and rising import prices lifted the total value of Lebanon's imports by an estimated 2.3% to \$19.1bn in 2017. Import figures exclude nearly \$4.2bn in fuel consignments for Electricité du Liban covering the period between 2011 and 2017. Imports of vegetable products and live animals, a proxy for food demand, rose by 9.2% to \$1.9bn in 2017, their first increase in three years.

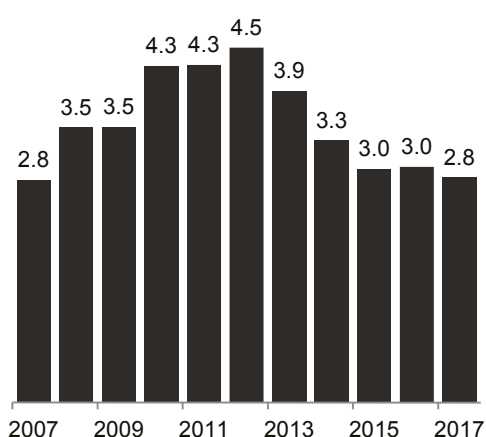
Imports of vehicles also rebounded during the year on the back of improving private consumption demand. The value of imported vehicles and transport equipment grew by 6.2% to \$1.9bn in 2017, including 79,908 vehicles unloaded at the Port of Beirut alone.

The lack of momentum in trade activity is weighing on the government's customs collections. Revenues from customs taxes have been largely stagnant at around \$1.4bn since the conflict in Syria erupted in 2011, restricting the transit of goods by land to Arab countries. Customs receipts are likely to begin recovering in 2018 as a series of new taxes and import fees introduced by the government in late 2017 take effect.

At the same time, goods exports are projected to improve by 7.6% in 2018, supported by re-opening the blocked trade routes by mid-2018 with Syria and Iraq following the defeat of ISIS, according to the Institute of International Finance.

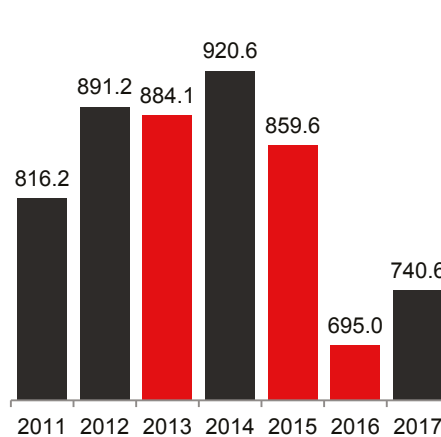
Lebanon's imports grew by an estimated 2.3% to \$19.1bn in 2017.

Exports (\$bn)



Source: Customs, Economena, SGBL Research

Lebanon exports to the GCC (\$m)



Source: Customs, Economena, SGBL Research

## CONSUMER PRICES ACCELERATING ON LOCAL AND FOREIGN PRESSURES

- Appreciation in the Euro and higher oil prices lifted consumer prices in 2017
- Rent inflation accelerated to 3.3% in 2017 despite softening property prices
- Inflation projected to accelerate further to 4.6% in 2018 - IIF

Lebanon's Consumer Price Index (CPI) surged by an average of 4.5% in 2017 after two consecutive years in decline, data by the Central Administration of Statistics showed. Inflation gained considerable momentum in the final months of the year, buoyed by a series of domestic and global factors including higher taxes, rising oil prices, and appreciation in the Euro.

Brent crude oil prices gained 24.6% in 2017, lifting retail gasoline prices in Lebanon and seeping into utilities and other non-fuel intensive sectors. Import prices also likely drove part of the acceleration in consumer prices following an appreciation of 13.9% in the Euro against the US dollar by the end of 2017.

At the same time, a series of higher and new taxes on businesses and consumers likely prompted a further upward adjustment in end-user prices in the last four months of the year. The government had approved in October increases in the corporate tax rate to 17% from 15% and in the Value Added Tax to 11% from 10% along with a series of other tax measures.

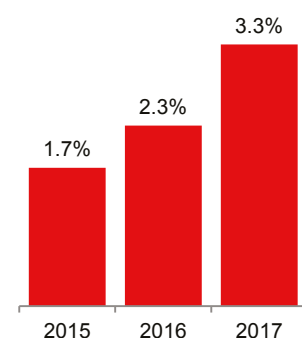
Consumer prices in the transportation sector, which accounts for 13.1% of an average household's budget, rose by 5.6% during the year, their fastest pace in seven years. Meanwhile, prices of clothing and footwear posted the fastest growth among the 12 main spending categories, rising by 12.9% in 2017 on top of an increase of 4.9% in 2016.

Similarly, rent inflation for contracts signed after 1992 accelerated to 3.3% in 2017, even as property prices have likely softened over the period. Rising rent prices reflect a similar upward trend in the hospitality sector where the average room rate at Beirut's 4- and 5-star hotels grew by 7.8% yoy to \$152 in the first 11 months, according to survey data by Ernst & Young.

Different regions in the country, however, displayed divergent trends in consumer prices. Much of the inflationary pressures appear to be concentrated outside the capital Beirut and its neighboring area of Mount Lebanon. The CPI for the Bekaa and North Lebanon jumped by 9.5% and 7.5% respectively in 2017, but rose at a more moderate pace of 3.3% and 2.9% in Beirut and Mount Lebanon respectively.

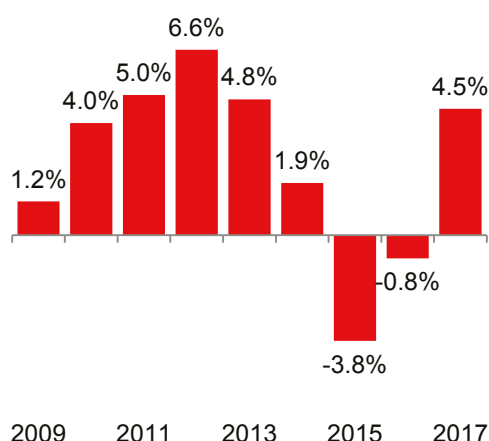
Inflation is projected to accelerate further to 4.6% in 2018 before receding to 3.8% in 2019, according to the Institute of International Finance. Retail gasoline prices already rose by another 4.9% in January and the Euro gained another 2.9% during the month through January 29, likely adding further tailwind to consumer prices in Lebanon.

### New rent inflation



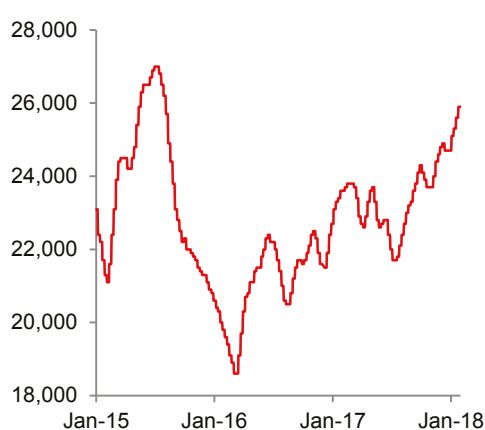
Source: CAS, Economena, SGBL Research

### Consumer price index (% change, average)



Source: CAS, Economena, SGBL Research

### Price (95-Octane gasoline, LL per 20 liters)



Source: MoET, Economena, SGBL Research

## LEBANESE BOND YIELDS TIGHTEN EVEN AS DEBT STOCK SWELLS

- Gross public debt rose by \$4.5bn through November 2017, a four-year high
- Fiscal deficit fell to \$2bn by September, likely reached \$5bn by the end of 2017
- Debt under the Paris II and Paris III aid conferences is almost completely paid off

Lebanon's stock of public debt grew by \$4.5bn in the first 11 months of 2017, the most for the period since 2013, reflecting greater payroll spending from the new public sector salary scale. Borrowing in foreign currency more than doubled to \$2.3bn through November adding to pressure on the Central Bank's foreign currency reserves.

The government's fiscal deficit shrank by 36.4% yoy to \$2bn in the first nine months of the year, but has likely neared \$5bn by the end of year, the deficit level projected by the 2017 Budget Law. As a result, gross public debt reached \$79.4bn at the end of November 2017, 38.3% of which denominated in foreign currency, up from 37.5% at the end of 2016. The government's debt management strategy aims to maintain 40% of the country's debt in foreign currency, in part to take advantage of lower interest rates.

Gross public debt reached \$79.4bn at the end of November 2017.

The weighted average interest rate on Eurobonds reached 6.65% in November 2017, while the average yield on Treasury bills reached 6.96%, both largely unchanged over the past four years despite rising global interest rates and longer maturities.

The political crisis in November had temporarily pushed up yields on Eurobonds in the secondary market, but they have come down significantly since then. Ten-year bond yields fell to 6.96% by January 31, 2018 from a peak of 8.22% in November, data by Bloomberg showed.

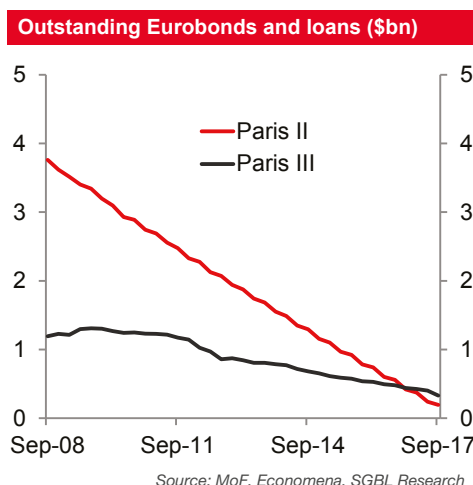
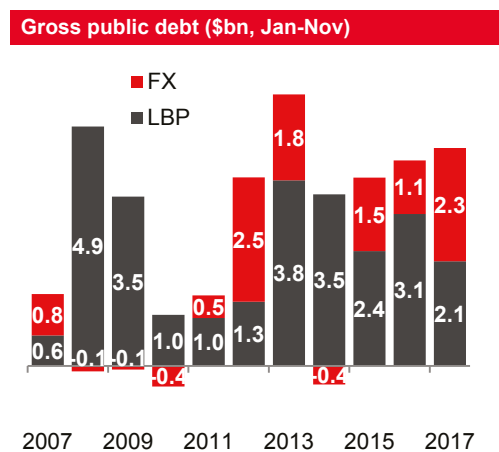
In December, the Ministry of Finance (MoF) sold BdL \$2bn in two-year and three-year Treasury bills carrying a yield of 1%, following an arrangement in November that saw MoF redeem \$1.7bn in Treasury bills from BdL in exchange for an equivalent amount in Eurobonds.

The government is also likely to considerably increase its foreign currency debt in 2018 as part of an international donor conference dubbed "Cedar I" which aims to raise \$22bn in concessional loans to finance its capital investment plan over three stages.

Lebanon has already almost completely paid off its financial obligations under Paris II and Paris III aid conferences which were held in 2002 and 2007 respectively. An estimated \$524m in loans and Eurobonds were still outstanding at the end of September 2017, just 10% of the amount outstanding in early 2008. As of September 30, 2017, another \$188m were set to be paid between December 2017 and May 2018.

An estimated \$524m in Paris II and Paris III Eurobonds and loans were still outstanding at the end of September 2017.

After May, the government faces two major Eurobond maturities worth \$700m and \$1.55bn in June and November respectively, in addition to an estimated \$1.8bn in foreign currency debt service costs in 2018.



## CONSTRUCTION ACTIVITY SLIDING DESPITE MUSHROOMING SALES

- Housing loans posted double-digit growth in the first nine months of 2017
- Real estate registration fees up 19.3% yoy to \$452.2m through September
- Construction permits fell by 4.1% to a decade low of 11.7m sqm in 2017

More money poured into Lebanon's property market in 2017, but construction activity has remained largely stagnant, reflecting a glut in existing supply and economic uncertainty during the year. The value of real estate sales registered with the General Directory of Land Registry and Cadastre grew by 17.4% to \$10bn during the year, breaking the previous record of \$9.4bn registered in 2010.

Both domestic and foreign investor appetite gained momentum, driven partly by improving conditions following the political breakthrough at the end of 2016. Softer property prices and record low interest rates also likely contributed to the pick-up in demand from locals particularly through subsidized loans.

Housing loan production grew by 15.8% yoy to \$942.5m in the first nine months of 2017, buoyed by demand from public sector security personnel who benefit several special protocols with the banking sector.

Outstanding loans under the protocol between banks and the Directorate General of the Internal Security Forces grew by 44.3% yoy to \$241.3m at the end of September, and those extended under the protocol with General Security surged by 53.1% yoy to \$102.5m. Similar protocol-based housing loans to military volunteers also posted healthy growth of 16.5% yoy to cross \$1bn by September.

The rising number of property sales points to broadening demand, not a handful of large transactions. The total number of registered sales transactions grew by 14.5% to 73,514 transactions in 2017, with foreigners reporting 1,364 property acquisitions, 21.4% more than in 2016.

More buoyant transactions activity is also paying off for the government. Real estate registration fees rose by 19.3% yoy to \$452.2m in the first nine months of 2017, the latest period for which data are available.

Fee collections likely increased at an even faster pace in the last quarter of the year in light of acceleration in property sales transactions. The value of real estate sales rose by 24.3% yoy to \$2.9bn in the fourth quarter, a record high for the period.

### CONSTRUCTION ACTIVITY LAGGING BEHIND

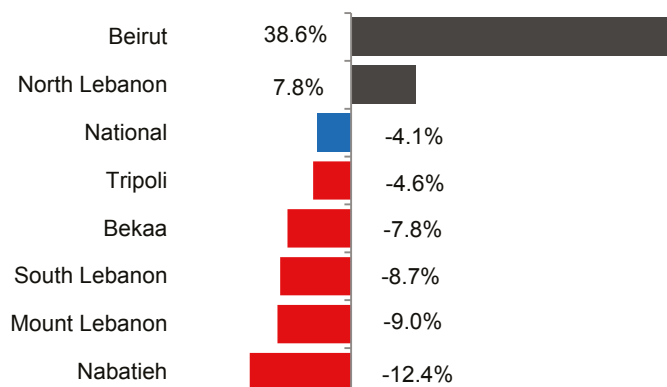
Sales activity, however, has not yet triggered a change in developers' outlook for the construction industry. Cement deliveries, a coincident indicator of construction activity, slipped 4.9% yoy to 4.7 million tons in the first 11 months of 2017, catching up to a similar downward trend in construction permits. The aggregate area of construction permits issued by the country's two orders of engineers and architects fell to a decade low of 11.7 million square meters in 2017, signaling continued slack in construction in the short and medium terms.

Imports of construction material also reflect stagnant building activity. Lebanon's imports of iron and steel plummeted by 22.2% to 1.2 million tons in 2017, but the value of imports still rose by 9.3% to a three-year high of \$637.3m on higher metal prices.

Nevertheless, investors appear optimistic about the outlook for the property market in urban centers. Construction permits issued for projects in Beirut and in North Lebanon increased by 38.6% and 7.8% respectively in 2017, but fell in each of the other five main districts. Construction execution orders issued by Tripoli's Order of Engineers and Architects grew by 4% to 1.5m sqm during the year, a clear sign of continued recovery in activity.

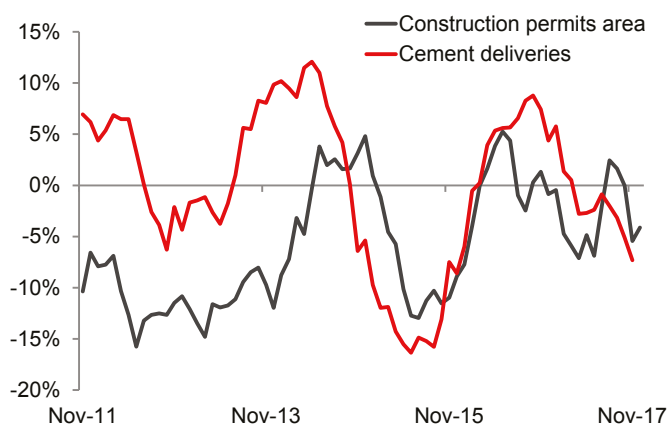
Real estate and construction are poised to face more headwinds in 2018. Political tensions ahead of Parliamentary elections scheduled for May 6 will likely weigh on investment sentiment and on bank lending to the two industries. At the same time, softer pricing will be partially offset by higher borrowing rates in the local market, and by a series of new taxes introduced by the government in late 2017.

### Construction permits area (2017, % change)



Source: OEAB, OEAT, Economena, SGBL Research

### Construction indicators (12-month moving average, %yoy)



Source: OEAB, OEAT, BdL, Economena, SGBL Research



**LATEST DATA**

| Key indicators            | Unit    | 2016   | Sep-17 | Oct-17 | Nov-17 | %Y/Y   | YTD    | PYTD   |
|---------------------------|---------|--------|--------|--------|--------|--------|--------|--------|
| Cleared cheques           | \$bn    | 68.14  | 4.49   | 6.14   | 5.57   | -1.63  | 62.00  | 62.37  |
| Real estate transactions  | \$bn    | 8.48   | 0.54   | 1.13   | 0.86   | 13.00  | 9.02   | 7.49   |
| Construction permits      | Sqm, m  | 12.23  | 0.71   | 1.03   | 0.73   | -38.65 | 11.10  | 11.33  |
| Cement deliveries         | Tons, m | 5.27   | 0.43   | 0.49   | 0.45   | -15.18 | 4.72   | 4.97   |
| Tourist arrivals          | m       | 1.69   | 0.16   | 0.14   | 0.12   | 0.65   | 1.71   | 1.55   |
| Airport traffic           | m       | 7.61   | 0.86   | 0.62   | 0.59   | 6.59   | 7.61   | 7.01   |
| Balance of payments       | \$bn    | 1.24   | 0.46   | -0.89  | 0.07   | -84.94 | -1.01  | 0.33   |
| Money supply: M3          | \$bn    | 132.80 | 138.87 | 138.68 | 137.00 | 5.35   | 4.20   | 6.41   |
| BSE volumes               | m       | 120.47 | 7.53   | 8.92   | 3.45   | -45.89 | 71.93  | 102.66 |
| Passenger car sales       |         | 36,326 | 2,571  | 3,390  | 2,672  | 8.09   | 33,996 | 33,613 |
| Hotel occupancy (average) | %       | 58.98  | 74     | 68     | 54     | -10.60 | 64.54  | 58.52  |

| Indices                         | Unit | 2016   | Oct-17 | Nov-17 | Dec-17 | %Y/Y  | %YTD  |
|---------------------------------|------|--------|--------|--------|--------|-------|-------|
| Consumer Confidence Index - ARA |      | 113.83 | 117.00 | 148.00 | 155.00 | -5.49 | -5.49 |
| Consumer Price Index            |      | 96.24  | 102.46 | 103.03 | 103.89 | 5.01  | 5.01  |
| Purchasing Managers' Index      |      | 45.68  | 45.80  | 46.20  | 46.10  | -1.91 | -1.91 |
| BdL Coincident Indicator        |      | 289.54 | 306.00 | 323.90 | n.a.   | 3.95  | 10.85 |

| Trade                  | Unit    | 2016   | Sep-17 | Oct-17 | Nov-17 | %Y/Y  | YTD    | PYTD   |
|------------------------|---------|--------|--------|--------|--------|-------|--------|--------|
| Imports                | \$bn    | 18.71  | 1.30   | 1.69   | 1.73   | 19.02 | 17.30  | 17.17  |
| Exports                | \$bn    | 2.98   | 0.21   | 0.25   | 0.23   | -7.43 | 2.59   | 2.73   |
| Trade balance          | \$bn    | -15.73 | -1.09  | -1.44  | -1.50  | 24.46 | -14.71 | -14.44 |
| Port of Beirut volumes | TEUs, m | 1.15   | 0.11   | 0.12   | 0.12   | 19.76 | 1.19   | 1.05   |

| Financial and monetary                        | Unit | 2016   | Sep-17 | Oct-17 | Nov-17 | %Y/Y  | YTD   | %YTD  |
|---|------|--------|--------|--------|--------|-------|-------|-------|
| Commercial bank assets                        | \$bn | 204.31 | 213.42 | 215.79 | 216.21 | 7.59  | 11.90 | 5.82  |
| Claims on the resident private sector         | \$bn | 51.04  | 53.05  | 53.21  | 53.43  | 5.41  | 2.39  | 4.69  |
| Claims on the non-resident private sector     | \$bn | 6.14   | 5.88   | 5.92   | 6.11   | -2.55 | -0.03 | -0.41 |
| Claims on the public sector                   | \$bn | 34.72  | 33.12  | 33.35  | 32.86  | -5.35 | -1.86 | -5.36 |
| Resident private sector deposits              | \$bn | 128.53 | 134.19 | 133.90 | 132.44 | 5.03  | 3.91  | 3.04  |
| <i>Dollarization rate (average)</i>           | %    | 59.36  | 61.53  | 61.77  | 63.54  | 3.80  | 61.35 | 1.04  |
| Non-resident private sector deposits          | \$bn | 33.96  | 34.91  | 35.50  | 34.37  | 3.86  | 0.41  | 1.20  |
| <i>Dollarization rate (average)</i>           | %    | 86.12  | 87.54  | 88.01  | 87.69  | 1.20  | 87.27 | 1.01  |
| Private sector deposits with commercial banks | \$bn | 162.49 | 169.09 | 169.40 | 166.81 | 4.78  | 4.31  | 2.66  |
| Private loans / deposits                      | %    | 40.23  | 39.53  | 39.74  | 40.34  | 0.15  | 39.58 | 0.98  |
| Public sector deposits                        | \$bn | 9.46   | 10.16  | 10.35  | 9.59   | 2.00  | 0.12  | 1.32  |
| BdL foreign assets                            | \$bn | 44.73  | 46.93  | 48.51  | 47.63  | 5.11  | 2.89  | 6.47  |
| BSE market capitalization                     | \$bn | 11.90  | 11.36  | 11.27  | 10.87  | -9.00 | -1.03 | -8.66 |
| Gross public debt                             | \$bn | 74.89  | 78.16  | 78.47  | 79.36  | 6.46  | 4.48  | 5.98  |

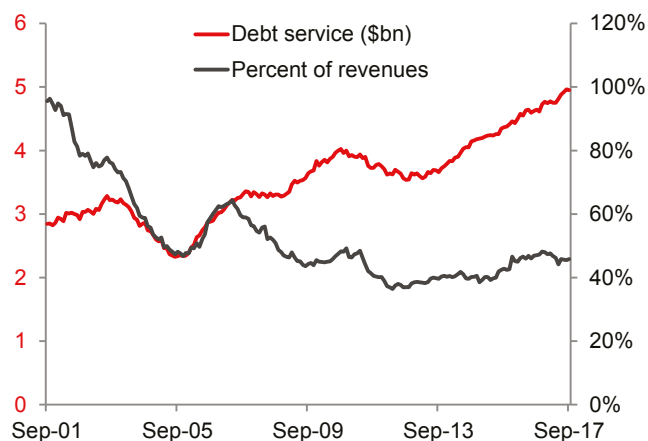
| Public finance            | Unit | 2016  | Jul-17 | Aug-17 | Sep-17 | %Y/Y    | YTD   | PYTD  |
|---------------------------|------|-------|--------|--------|--------|---------|-------|-------|
| Revenues                  | \$bn | 9.92  | 1.09   | 0.71   | 0.55   | -15.93  | 8.41  | 7.52  |
| <i>Value Added Tax</i>    | \$bn | 2.15  | 0.33   | 0.13   | 0.11   | -4.62   | 1.70  | 1.59  |
| <i>Telecommunications</i> | \$bn | 1.27  | 0.10   | 0.00   | 0.00   | -100.00 | 0.53  | 0.89  |
| <i>Income taxes</i>       | \$bn | 2.00  | 0.21   | 0.09   | 0.08   | -28.17  | 2.43  | 1.69  |
| <i>Customs taxes</i>      | \$bn | 1.40  | 0.14   | 0.13   | 0.11   | -11.56  | 1.06  | 1.04  |
| Expenditures              | \$bn | 14.87 | 1.04   | 1.24   | 1.16   | -8.60   | 10.41 | 10.67 |
| <i>Transfers to EdL</i>   | \$bn | 0.93  | 0.07   | 0.21   | 0.05   | -51.31  | 0.90  | 0.63  |
| <i>Debt service</i>       | \$bn | 4.77  | 0.25   | 0.31   | 0.50   | -2.09   | 3.50  | 3.32  |
| Primary balance           | \$bn | 0.02  | 0.31   | -0.20  | -0.11  | 7.21    | 1.63  | 0.30  |
| Fiscal balance            | \$bn | -4.94 | 0.04   | -0.52  | -0.62  | -0.94   | -2.00 | -3.15 |

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

## KEY TRENDS

### Government debt service (12-month moving sum)

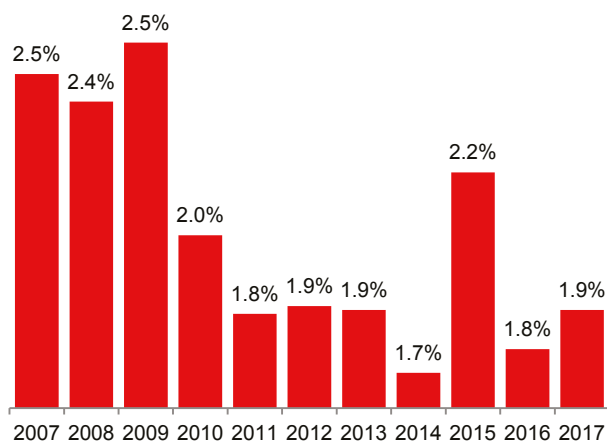
The Lebanese government's debt service payments grew by 6.6% yoy to \$5bn in the 12 months through September 2017, but remained relatively contained in comparison with revenues. Debt service as a percent of total cash receipts decreased to 45.8%, from 47% by September 2016.



Source: MoF, Economena, SGBL Research

### Number of property sales to foreigners (% of total)

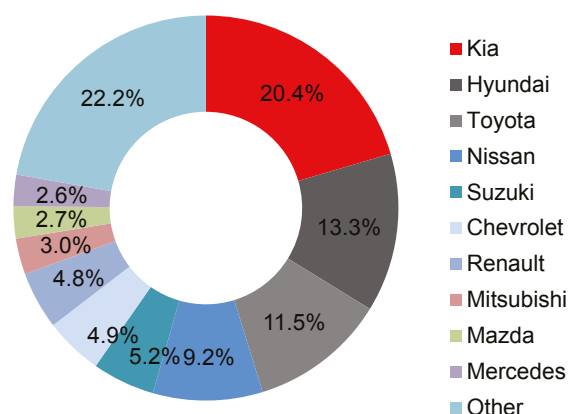
Foreigners acquired more properties in Lebanon in 2017, representing 1.85% of the total number of sales registrations during the year. Total sales to foreigners grew by 21.4% to 1,364 transactions, as political and security conditions in the country improved.



Source: GDLRC, Economena, SGBL Research

### New passenger car registrations in 2017

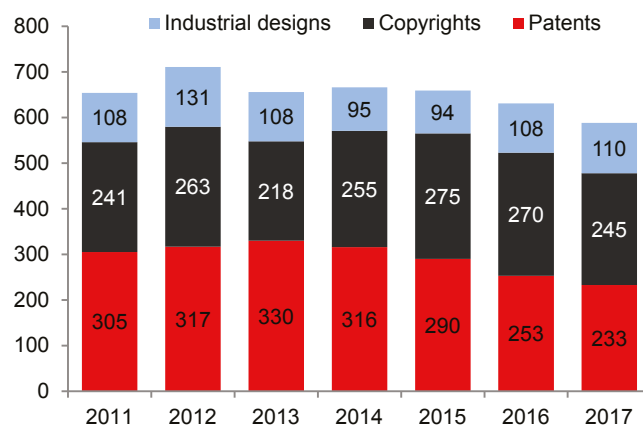
Kia topped sales in the new passenger car market in Lebanon in 2017 with a market share of 20.5%, data by the Association of Car Importers showed. Kia's passenger car sales rose by 7.4% yoy to 7,610 vehicles during the year, followed by Hyundai and Toyota with 4,962 vehicles and 4,269 vehicles respectively.



Source: AIA, Economena, SGBL Research

### Intellectual property rights registered with MoET

The number of patents registered with the Ministry of Economy and Trade in Lebanon decreased for the fourth year in a row to reach 233 patents in 2017. Copyrights registrations also fell to a four-year low of 245, while industrial designs increased slightly to 110 during the year.



Source: MoET, Economena, SGBL Research

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