

### Economic Implications of Adopting of the Proposed Salaries and Wages Scale

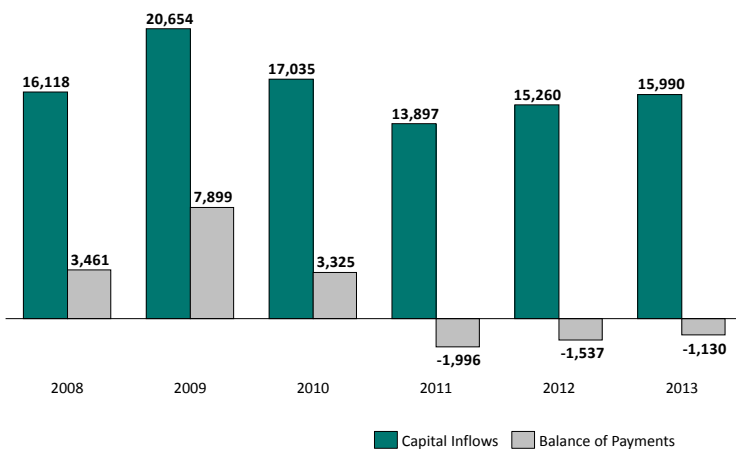
The controversial debate on the adoption of the salary scale for the public sector requires an in-depth analysis of the impact of the increase in the wage bill at this sensitive stage, especially at a time when the economy is facing severe pressures as a result of the Syrian crisis and its impact on the security situation. If we exclude the factors that are in favor of passing the new salary scale, there are several questions being raised regarding the figures being proposed, the possibility of achieving them, and most importantly, the ability of the national economy to withstand the related fiscal and inflationary shocks at a time where economic growth rates may not be able to absorb the implications of this decision.

What are the economic shortcomings that could result from the adoption of the proposed increase in the salary scale and wages?

1. The risk of raising the public debt following a large decline in capital inflows.

This has already been evident through the increase in the balance of payments deficit. The Balance of Payments reached USD 1.9 billion in 2011, USD 1.5 billion in 2012 and USD 1.1 billion in 2013 compared to a surplus of USD 8 billion dollars in 2009 and USD 3.3 billion in 2010.

### Balance of Payments and Capital Inflows (Millions of USD)



2. The risk of being unable to attract Foreign Direct Investment.

Producers are usually attracted to low costs of labor with high levels of productivity. The adoption of an increase in the salary scale would most likely lead to an increase in the cost of production (Labor) and hence, a decline in investor confidence.

3. The newly proposed salary scale is not guaranteed to be accompanied by improvements in public services.

The increase in public sector wages may therefore not be associated with an improvement in productivity.

4. The risk of Lebanon's Sovereign Credit Rating being lowered. This could transpire despite the positive results achieved over the last ten years, which affects the overall confidence of the economic system and puts pressure on the ability to finance the new salary scale and on interest rate levels. This is due to a loss in the flexibility to carry out structural reforms or address any financial or economic imbalances.

- The adoption of the proposed salary scale may lead to a downgrade in Lebanon's Credit Rating, to a rating below B, so that they are among the ranks of speculative bonds, otherwise known as "Junk bonds", which are too risky to be offered on international markets.
- Despite their good financial position, a decline in Lebanon's Credit Rating may also impact the credit rating of local banks. This is due to local banks being highly exposed to the Lebanese government's public debt, exceeding over 65%.

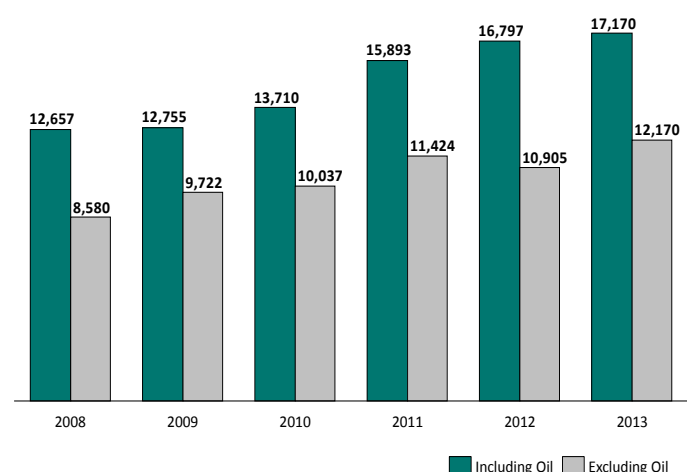
5. A risk of the proposed Salaries and Wages spilling over to the private sector.

A rise in the salaries and wages of the public sector is likely to lead to private sector employees demanding for a raise in line with those received in the public sector. However, this rise in costs for the private sector may lead to company layoffs as well as their ability to compete, grow and create more jobs.

6. An increase the risk of inflation in the local economy, due to a rise in demand that will take place as a result of the increase in public sector wages. The usual response to this increase in demand is either through an increase in imports or through an increase in the price of goods and services.

- The added inflation will further affect the monetary stability as the equivalent of 20% of the budget is being pumped into the economy and hence, greatly affecting the exchange rate of the Lebanese Lira.
- The expansion of imports to meet the increase in domestic demand resulting from the rise in public sector salaries and wages will lead to an increase in the trade deficit.

### Trade Deficit (Including and Excluding Oil) (Millions of USD)



7. In the absence of strong measures and achievable revenue sources to finance the Public Sector salaries and wages, the size of the fiscal deficit is expected to rise, which will have a direct impact on the size of the public debt.

### Public Finance Summary

	2008	2009	2010	2011	2012	2013
Gross Domestic Product (GDP)	43,465	52,974	57,300	60,419	64,800	65,576
Total Expenditures	14,957	17,167	17,047	17,600	20,081	20,563
(% of GDP)	34.4%	32.4%	29.8%	29.1%	31.0%	31.4%
Total Revenues	10,553	12,705	12,684	14,070	14,164	14,201
(% of GDP)	24.3%	24.0%	22.1%	23.3%	21.9%	21.7%
Total Deficit	4,404	4,462	4,363	3,530	5,917	6,362
(% of GDP)	10.1%	8.4%	7.6%	5.8%	9.1%	9.7%
Primary Surplus	900	1,322	1,855	2,504	-165	-361
(% of GDP)	2.1%	2.5%	3.2%	4.1%	-0.3%	-0.6%

	2008	2009	2010	2011	2012	2013
Nominal GDP (Billions of LL)	43,465	52,974	57,300	60,419	64,800	65,576
in Millions of USD	28.8	35.1	38.0	40.1	43.0	43.5
Public Debt (Billions of USD)	44.6	47.9	50.8	52.8	57.7	63.5
(% of GDP)	154.7%	136.3%	133.6%	131.7%	134.2%	146.0%



### MONTHLY ECONOMIC TRENDS:

#### • GDP Growth and Economic Forecasts:

– The Coincident Indicator — a compound index of a number of economic indicators published by BDL that acts as an estimate of economic performance— showed a slight slowdown in its figures in 2014, by recording a lower YTD increase of 1.5% in the Q1 2014 relative to the 4.3% rise attained in Q1 2013.

#### • Real Estate:

– Real Estate figures continue to show a turnaround in 2014. The Value of Real Estate Sales rose by 35.8% in March 2014 relative to the March 2013 while the Number of Sale Transactions by foreigners and locals rose by 16.4% and 7.3% respectively.

#### • Tourism:

– For the fourth year running, Number of Tourists witnessed a fall in their figures from the peak attained in 2010. The number of tourists continuously fell from a high of 393,212 in the first quarter of 2010 down to 229,252 in the same period in 2014.

– Similarly, Number of Airport Passengers had also fallen by March 2014. This 8.3% fall relative to the first three months of 2013 comes despite over five years of continuous increase in their number.

#### • Trade

– With regards to Imports:

- In terms of value, imports witnessed a 2.1% fall by March 2014 relative to March 2013, to reach USD 5,397 Million. The fall in imports is the result of a YoY decrease in value of Oil Imports (-5%), Motor Cars and other Vehicles (-14.8%) and Gold (-36.5%). Value of Medicaments and Alloy Steel products however saw a rise of 13.6% and 89.2% respectively. Removing the effects of value of petroleum imports however leads to a smaller decrease in the value of imports, reaching by -1.2%.

- In terms of volume, imports witnessed an 7.7% increase in the first Quarter of 2014 relative to the previous year. This rise is the result of a YoY increase in volume of alloy steel products (104%), Petroleum Coke (82.1%) and Corn (13.6%). Volume of Petroleum Oils saw no change (0.2%) whilst Wheat and Calcium Phosphate products fell by 20.1% and 17% respectively. Removing the effects of oil imports however, also leads to an even steeper rise in the volume of imports, of 9.7%.

– With regards to Exports:

- In terms of value, exports witnessed a 35.2% decline in the first Quarter of 2014, reaching USD 772 Million relative to the USD

1,192 Million attained a year earlier. This fall in exports is the result of a YoY decrease in value of Gold (-61.2%), Copper Waste and Scrap (-59.7%), Diamond Products (-38.7%) and Electric Generating Set and Converters (-25.3%). The Value of printed books and brochures however saw a 82.3% rise.

- in terms of volume, total exports fell by 46.7%. This fall in exports is the result of a YoY decrease in value of Portland Cement (-82.6%), Ferrous waste and Scrap (-62%), Phosphatic Fertilizers (-61.2%), Bananas (-33.8%) and Diphosphorus Products (-13.3%). Volume of Citrus Fruits rose by 4.5%.

– As such, the Year to Date Value of the Trade Deficit in the first Quarter of 2014 showed a rise of 7% compared to Q1 2013, when oil products are included in the equation. Removing oil products leads to an even further year on year increase in the deficit of 13.2%.

– The Balance of Payments saw a net improvement in the first quarter of 2014, as it registered a surplus of USD 301.4 Million in 2014 relative to the USD 62.2 Million deficit attained in the same period in 2013. Despite the above mentioned rise in the trade deficit, this improvement came about due to the 15.6% increase in Capital Inflows over the said period.

#### • Banking and Financial

– Private Sector Deposits rose in the first quarter of 2014 relative to the same period in 2013, to reach USD 136.5 Billion. This 0.3% rise was due to a 1.3% increase in resident private sector deposits since the start of 2014.

– Foreign Assets continued to show positive results in 2014 despite the continued fall in the value of Gold Reserves. Foreign Assets in the first quarter of 2014 rose by 6.4% relative to the 0.4% fall attained in the same period in 2013. This is due to the value of Foreign Currency Reserves and Gold Reserves rising by 6.1% and 7.5% respectively relative to the 1.3% rise and 3.6% fall attained in the first quarter of 2013.

– The total value of checks cleared in the banking system, an indicator of overall spending patterns in the economy, rose by 4.5% to reach USD 18,038 Million (LBP and FC combined) by the end of Q1 2014, from the USD 17,261 Million observed by the end of Q1 2013. The number of cleared checks also witnessed a slight increase in figures, reaching 3.20 Million compared to the 3.16 Million attained in the same period a year earlier. This has consequently led to a 3.1% rise in the average value of cleared checks by the end of Q1 2014.



# MINISTRY OF ECONOMY AND TRADE

## LEBANESE ECONOMIC HIGHLIGHTS

April 2014

— The value and number of Kafalat Loan Guarantees rose in the first Quarter of 2014 to reach USD 26.8 Million and 209 respectively, that is, a 9.4% and 14.2% respective rise relative to the same period in 2013. Furthermore, the number of loans was mainly distributed among the following sectors: Agriculture (53.1%), Industry (35.9 %) and Tourism (6.7%), of which the former two saw a 65.7% and 17.2% rise relative to the same period a year earlier.

**Disclaimer:**

The most recent month for March 2014 Issue is highlighted for each of the following indicators:

- Coincidence Indicator Statistics: March 2014
- Real Estate Statistics: March 2014
- Tourism Statistics: March 2014
- Trade Statistics: March 2014
- Banking and Financial Statistics: March 2014

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# KEY ECONOMIC INDICATORS

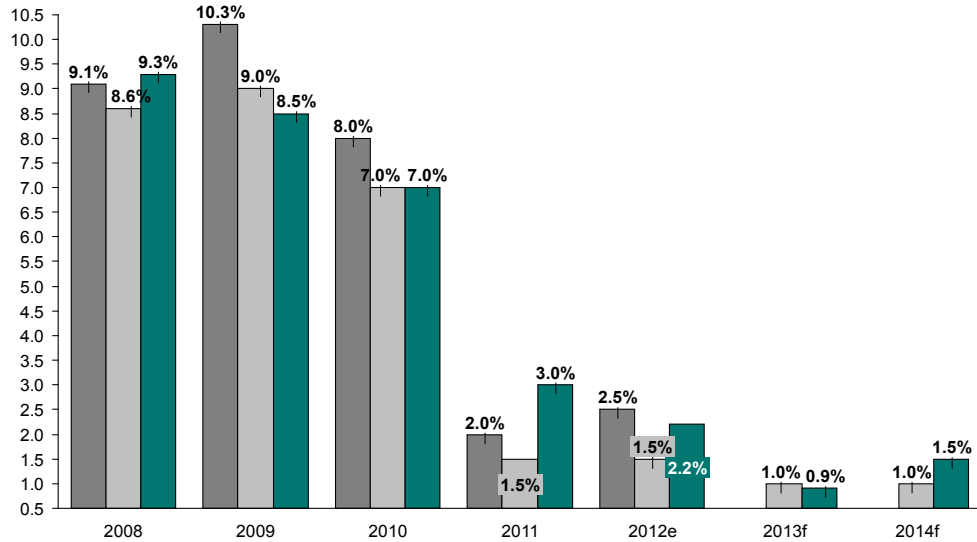
## APRIL 2014 ISSUE

GENERAL INDICES	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Nominal GDP (Billions USD)										
CAS	1		-	-		42.9		40.1	7.0%	38.0
IMF	2	Jan-Dec	45.5	44.3	2.6%	42.5	4.2%	40.1	6.1%	38.0
World Bank	3		-	-		42.9		40.1	7.0%	37.1
Real Economic Growth Rate (%)										
CAS	1		-	-		2.5%		2.0%		8.0%
IMF	2	Jan-Dec	1.0%	1.0%		1.5%		1.5%		7.0%
World Bank	3		1.5%	0.9%		2.2%		3.0%		7.0%
Coincidence Indicator (1993=100)										
Growth in Coincidence Indicator (%)	4	Jan-Mar	271.8	273.9	-0.8%	264.8	3.4%	252.9	4.7%	264.5
	4	YTD Mar	1.5%	4.3%		-0.3%		-1.0%		10.0%
Inflation Rate (%)										
	1	Jan-Mar	101.8	na	-	91.9	-	88.5	3.9%	84.4
Electricity Production (Millions Kwh)										
	4	Jan-Mar	3,155	2,659	18.7%	2,962	-10.2%	3,018	-1.9%	3,120
Number of New Cars registrations										
	5	Jan-Mar	8,362	7,484	11.7%	7,392	1.2%	6,483	14.0%	6,039
Number of New Industrial Licenses										
	6	Jan-Dec	-	415		349	18.9%	375	-6.9%	-
LABOR	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Number of Renewed Work Permits given to Foreign Workers										
	7	Jan-Dec	-	117,235	-	135,950	-13.8%	123,975	9.7%	114,810
Number of 1st Time Work Permits given to Foreign Workers										
	7	Jan-Dec	-	40,981	-	53,429	-23.3%	60,981	-12.4%	45,005
CONSTRUCTION AND REAL ESTATE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Cement Delivers (000s Tons)										
	4	Jan-Mar	1,210	1,127	7.3%	992	13.6%	1,035	-4.2%	1,109
Construction Permits area (000s of Sq m)										
	8	Jan-Mar	3,372	2,857	18.0%	3,607	-20.8%	3,722	-3.1%	3,789
Total Number of New Permits										
	8	Jan-Mar	4,348	3,736	16.4%	4,028	-7.2%	4,522	-10.9%	3,756
Total Value of Real Estate Sales (Millions of USD)										
	9	Jan-Mar	2,055	1,513	35.8%	1,953	-22.5%	1,808	8.0%	2,115
Total Number of Property Sales, of which:										
Sales to Locals	9	Jan-Mar	15,834	13,619	16.3%	16,784	-18.9%	17,373	-3.4%	22,059
Sales to Foreigners	9	Jan-Mar	15,599	13,400	16.4%	16,459	-18.6%	17,092	-3.7%	21,647
	9	Jan-Mar	235	219	7.3%	325	-32.6%	281	15.7%	412

[1] Lebanese Central Administration of Statistics (CAS) [2] Regional Economic Outlook Report, November 2013, [3] World Bank World Development Indicators, [4] Banque du Liban, [5] Association of Car Importers in Lebanon, [6] Ministry of Industry, [7] Ministry of Labor [8] Order of Architects in Beirut and Tripoli, [9] Real Estate Directorate



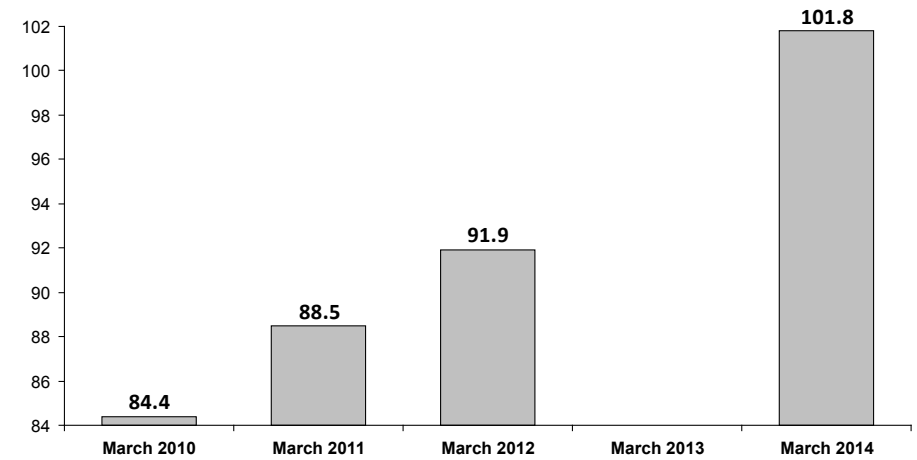
## GDP Growth (in Percentage; 2008-2014f)



Source: CAS, IMF and World Bank  
Note: No CAS GDP Growth Projection for 2013 and 2014

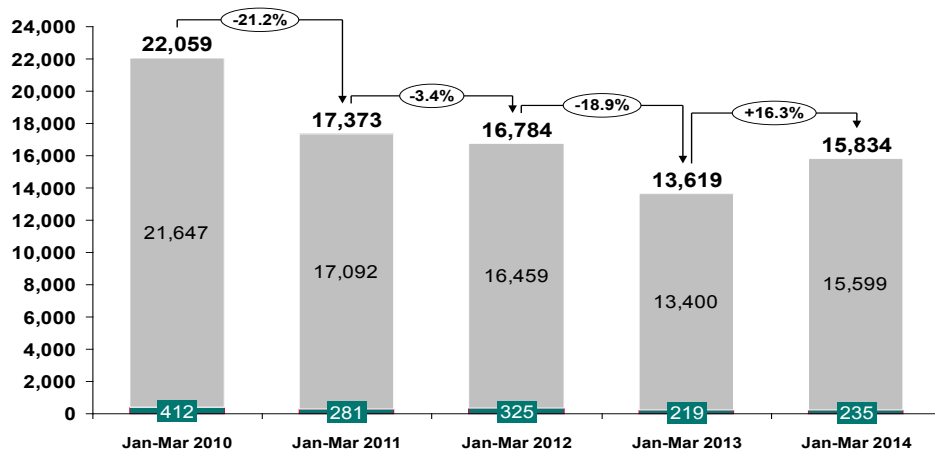
■ CAS ■ IMF ■ World Bank

## Evolution in Consumer Price Index (Dec 2013=100)



Source: Central Administration of Statistics. Index was recalculated by MoET in accordance with new base scale and base weight. Please note that CAS did not release figures for the first 6 months of 2013

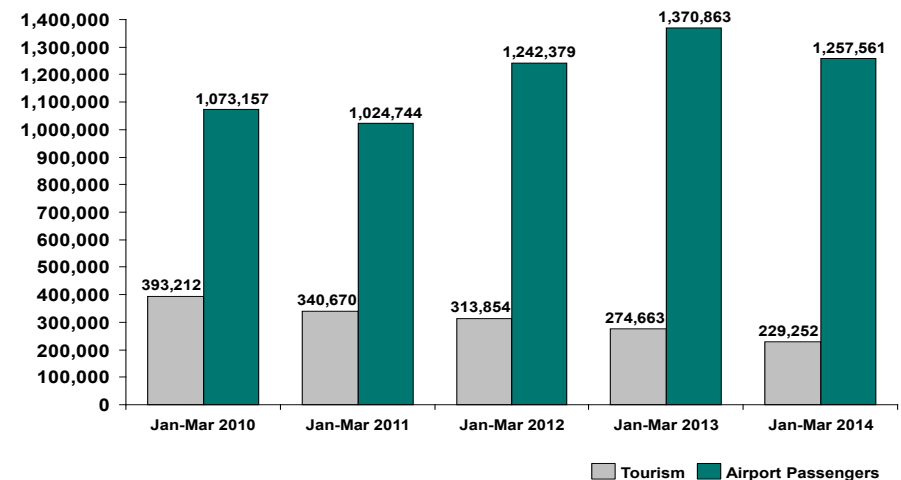
## Evolution of the Number of Property Sales (in Number of Sales; 2010-2014)



Note: Property Sales include both Local and Foreign Sales  
Source: Real Estate Directorate at the Ministry of Finance

■ Local Sales  
■ Foreign Sales

## Evolution in the Number of Tourists and Airport Passengers (2010-2014)



Source: Ministry of Tourism

■ Tourism ■ Airport Passengers



# KEY ECONOMIC INDICATORS

## APRIL 2014 ISSUE

TRADE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Exports Value (Millions of USD), of which:	10	Jan-Mar	772	1,192	-35.2%	1,154	3.3%	955	20.8%	1,029
Exports Volume (Millions of Tons)	10	Jan-Mar	0.41	0.78	-46.7%	0.51	50.8%	0.77	-32.8%	0.84
Imports Value (Millions of USD), of which:	10	Jan-Mar	(5,397)	(5,514)	-2.1%	(5,976)	-7.7%	(4,578)	30.5%	(4,385)
<i>Mineral Fuels and Oils</i>	10	Jan-Mar	(1,422)	(1,491)	-4.7%	(2,273)	-34.4%	(1,068)	112.8%	(993)
<i>Imports Value, excl Oil Products</i>	10	Jan-Mar	(3,975)	(4,023)	-1.2%	(3,703)	8.6%	(3,510)	5.5%	(3,392)
Imports Volume (Millions of Tons), of which:	10	Jan-Mar	4.10	3.81	7.7%	4.56	-16.6%	3.65	25.0%	3.77
<i>Mineral Fuels and Oils</i>	10	Jan-Mar	1.64	1.56	4.9%	2.55	-38.6%	1.47	73.4%	1.66
<i>Imports Volume, excl Oil Products</i>	10	Jan-Mar	2.46	2.24	9.7%	2.02	11.3%	2.18	-7.6%	2.11
Trade Deficit (Millions of USD)	10	Jan-Mar	(4,625)	(4,322)	7.0%	(4,822)	-10.4%	(3,623)	33.1%	(3,356)
Trade Deficit, excl Oil Products	10	Jan-Mar	(3,203)	(2,831)	13.2%	(2,549)	11.0%	(2,555)	-0.2%	(2,363)
Industrial Exports (excluding Gold Ingots)	6	Jan-Dec	-	3,076	-	2,952	4.2%	3,334	-11.5%	3,208
Industrial Machinery	6	Jan-Dec	-	300	-	288	4.2%	213	35.2%	227
Capital Inflows (Millions of USD), of which:		Jan-Mar	4,926	4,260	15.6%	4,449	-4.2%	3,225	38.0%	4,335
Balance of Payments (Millions of USD)	4	Jan-Mar	301.4	(62.2)	-584.6%	(373)	-83.3%	(398)	-6.3%	979
Value of Transit Goods (Millions of USD)	10	Jan-Mar	119.5	118.9	0.5%	94.3	26.1%	91.1	3.4%	88.1
Port Activity (000s Tons of Goods)	11	Jan-Apr	2,843	2,680	6.1%	2,257	18.7%	2,060	9.6%	2,077
Port Revenues (Millions of USD)	11	Jan-Apr	68.1	68.0	0.1%	53.7	26.8%	50.0	7.2%	52.3
Total TEU (Twenty Foot Equivalent Unit) of which:		Jan-Apr	379,922	354,882	7.1%	332,810	6.6%	324,895	2.4%	289,042
<i>TEU to Local Market</i>	11	Jan-Apr	240,897	232,253	3.7%	192,252	20.8%	183,320	4.9%	186,874
<i>Transshipment</i>	11	Jan-Apr	139,025	122,629	13.4%	140,558	-12.8%	141,575	-0.7%	102,168
TOURISM	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Number of Tourists	12	Jan-Mar	229,252	274,663	-16.5%	313,854	-12.5%	340,670	-7.9%	393,212
Hotel Occupancy Rates	13	Jan-Feb	39%	54%	-27.8%	62%	-12.9%	43%	44.2%	70%
Evolution in Tourism Spending	14	Jan-Mar			-15%		-11%		36%	
Number of Airport Passengers	15	Jan-Mar	1,257,561	1,370,863	-8.3%	1,242,379	10.3%	1,024,744	21.2%	1,073,157

[10] Lebanese Customs at Ministry of Finance, [6] Ministry of Industry, [4] Banque du Liban, [11] Port of Beirut

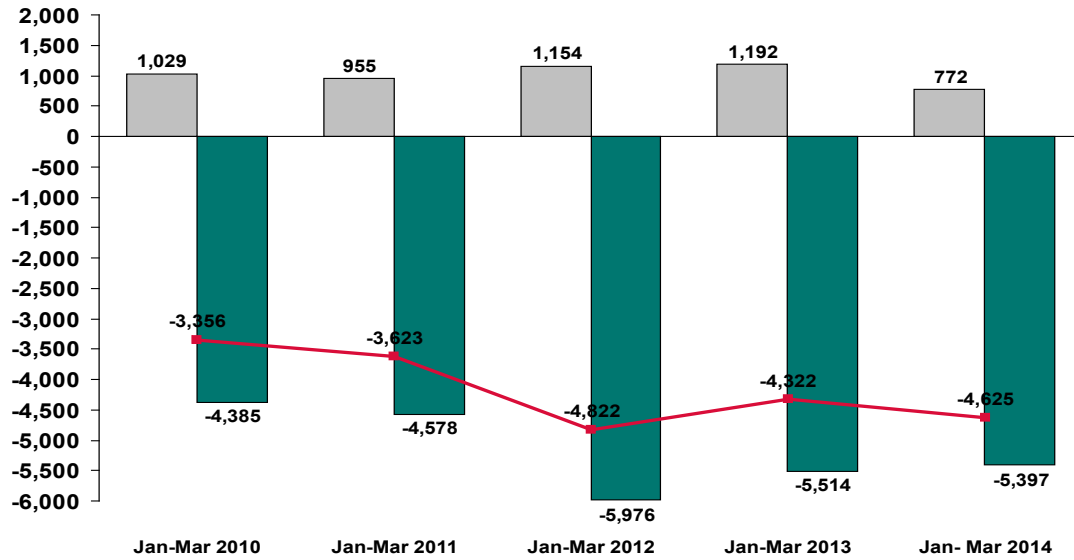
[12] Ministry of Tourism, [13] Ernst and Young Hotel Benchmark Survey Report December 2013, [14] Global Blue [15] Rafic Hariri Airport





## Evolution of Imports, Exports and Trade Deficit

(in Millions of USD; 2010 to 2014)

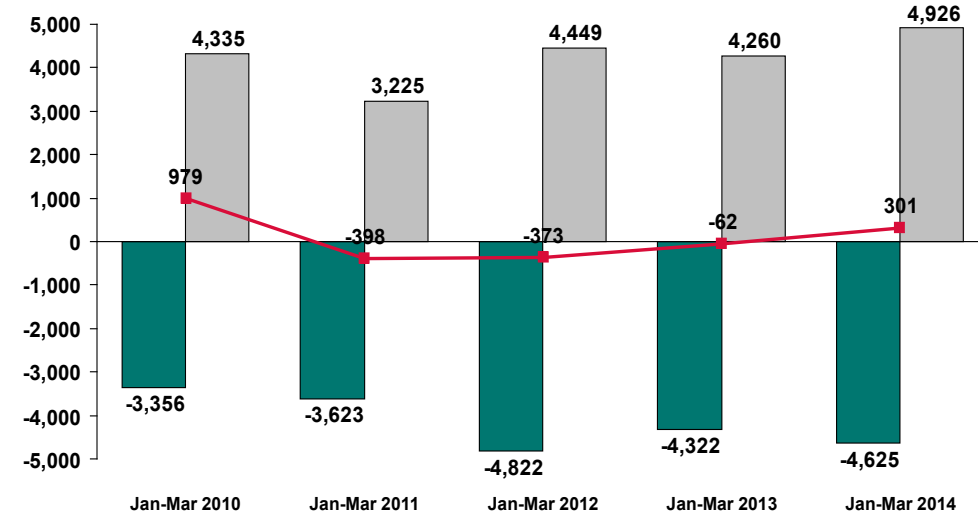


Source: Lebanese Customs

Exports Imports (including Oil) Trade Deficit

## Evolution in Trade Deficit, Capital Inflows and Balance of Payments

(in Millions of USD; 2010 to 2014)

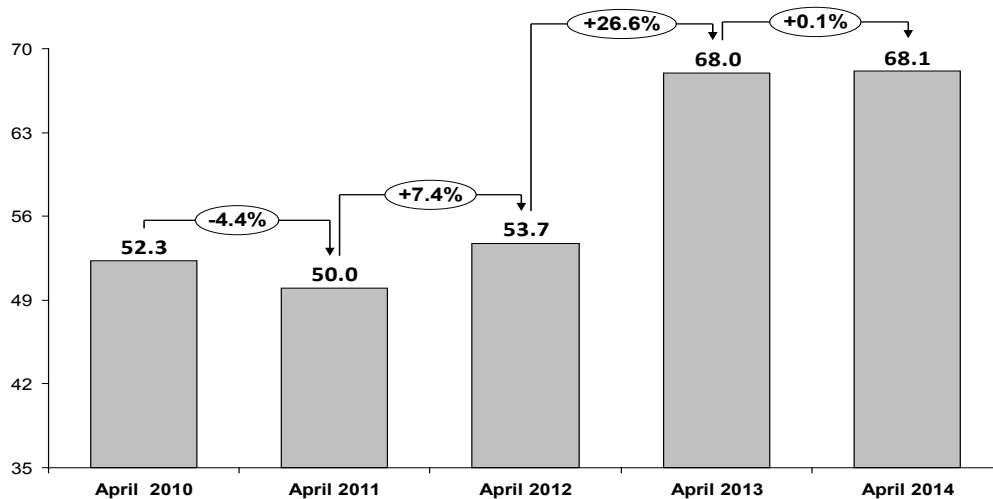


Source: Lebanese Customs & BdL

Trade Deficit Capital Inflows BoP

## Evolution in Revenues at Port of Beirut

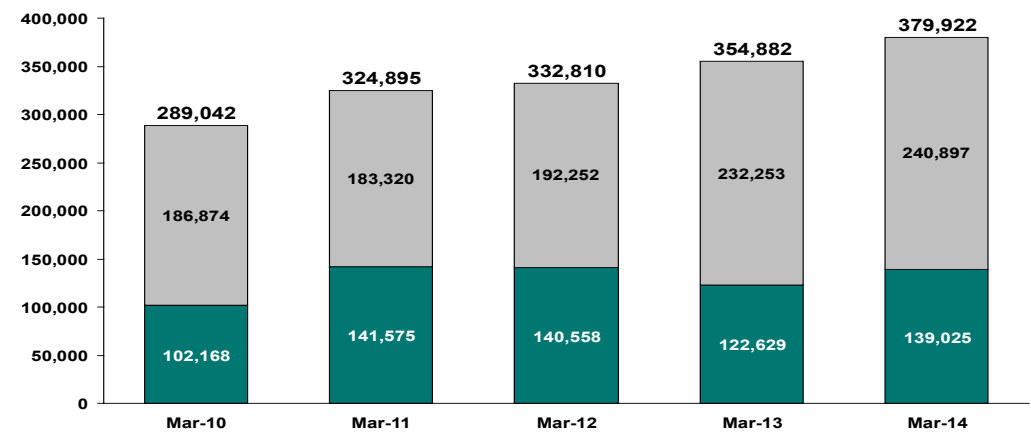
(in Millions of USD; 2010-2014)



Source: Port of Beirut

## Evolution in Total TEU Container Activity

(in Millions USD; 2010-2014)



Source: Port of Beirut  
Total TEU = TEU to Local Market + Transshipments

TEU to Local Market Transshipments





# KEY ECONOMIC INDICATORS

## APRIL 2014 ISSUE

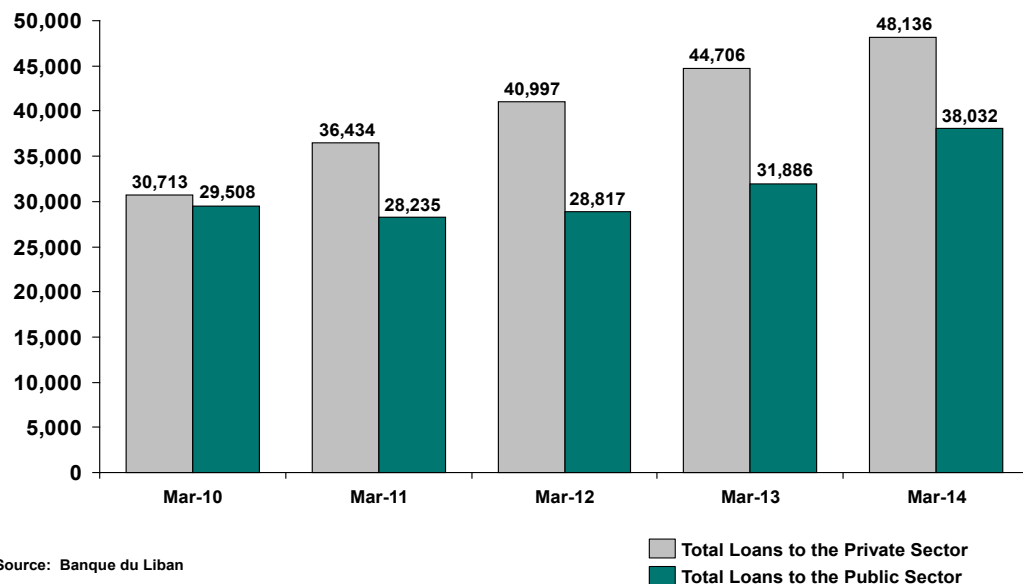
BANKING	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Commercial Banks Indicators:										
Commercial Banking Assets (Millions USD)	4	Mar	166,504	155,439	6.6%	144,727	7.4%	132,487	9.2%	119,913
<i>Growth in Commercial Banking Assets (%)</i>	4	YTD Mar	1.0%	2.3%		3.0%		2.8%		4.0%
Private Sector Deposits (Millions USD)	4	Mar	136,552	128,105	6.2%	118,223	8.4%	108,145	9.3%	98,135
<i>Growth in Private Sector Deposits (%)</i>	4	YTD Mar	0.3%	2.5%		2.2%		0.9%		2.5%
Loans to the Private Sector (Millions of USD)	4	Mar	48,136	44,706	7.1%	40,997	9.0%	36,434	12.5%	30,713
<i>Growth in Loans to the P.S (%)</i>	4	YTD Mar	2.2%	2.9%		2.5%		4.3%		8.2%
BdL Indicators:										
Foreign Assets (Millions of USD), of which:	4	Mar	45,572	45,117	1.0%	46,325	-2.6%	41,758	10.9%	37,394
<i>Growth in Foreign Assets (%)</i>	4	YTD Mar	6.4%	-0.4%		2.5%		0.4%		4.7%
Foreign Currency Reserves	4	Mar	33,634	30,359	9.7%	30,991	-2.0%	28,541	8.6%	27,166
<i>Growth in Foreign Currency Reserves (%)</i>	4	YTD Mar	6.1%	1.3%		0.6%		-0.2%		5.9%
Gold Reserves	4	Mar	11,938	14,759	-23.6%	15,334	-3.8%	13,217	16.0%	10,228
<i>Growth in Gold Reserves(%)</i>	4	YTD Mar	7.5%	-3.6%		6.5%		1.6%		1.6%
Lebanese Pound Deposit Rate (%)	4	Jan-Mar	5.48	5.44	0.7%	5.46	-0.4%	5.63	-3.0%	6.11
Lebanese Pound Lending Rate (%)	4	Jan-Mar	7.26	7.28	-0.3%	7.16	1.7%	7.73	-7.4%	8.69
USD Deposit Rate (%)	4	Jan-Mar	2.96	2.97	-0.3%	2.83	4.9%	2.82	0.4%	2.86
USD Lending Rate (%)	4	Jan-Mar	6.87	6.95	-1.2%	7.06	-1.6%	7.24	-2.5%	7.24
3-Month TB Yield (%)	4	Jan-Mar	4.39	4.39	0.0%	4.38	0.2%	3.89	12.6%	4.39
6 Month TB Yield (%)	4	Jan-Mar	4.87	4.87	0.0%	4.87	0.0%	4.40	10.7%	5.35
12 Month TB Yield (%)	4	Jan-Mar	5.08	5.08	0.0%	5.06	0.4%	4.57	10.7%	5.29
36-Month TB Coupon (%)	4	Jan-Mar	6.50	6.50	0.0%	6.48	0.3%	5.94	9.1%	6.86

[4] Banque du Liban



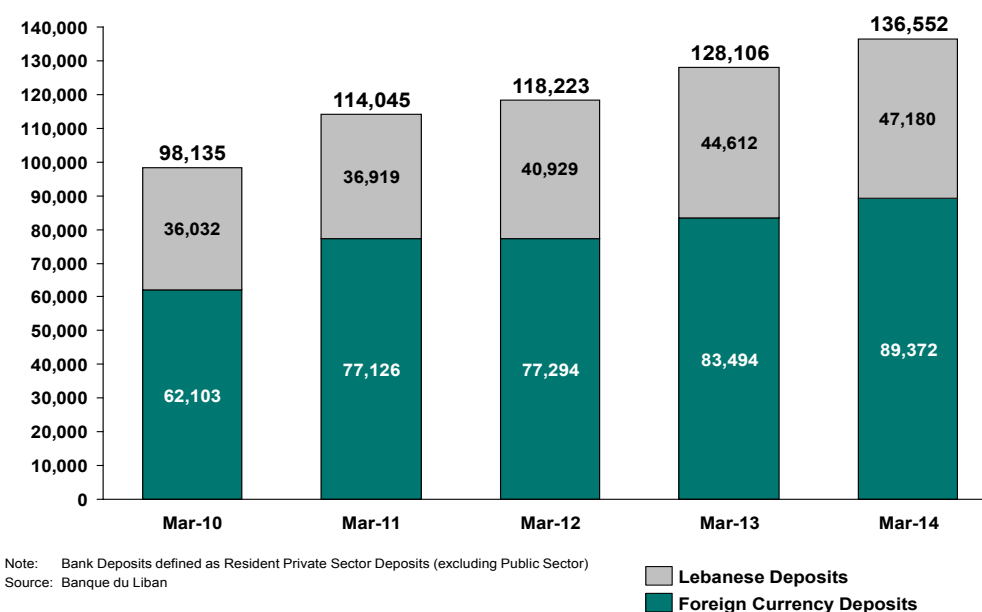
## Total Loans to the Private (Resident and Non Resident) and Public Sector

(Millions of USD; 2010-2014)



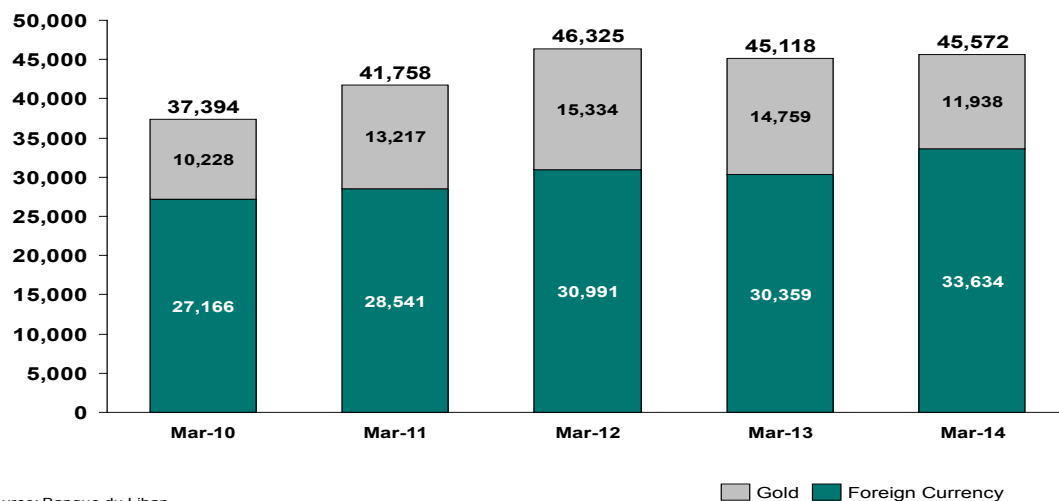
## Value of Bank Deposits (Lebanese and Foreign Currency)

(in Millions USD; 2010-2014)



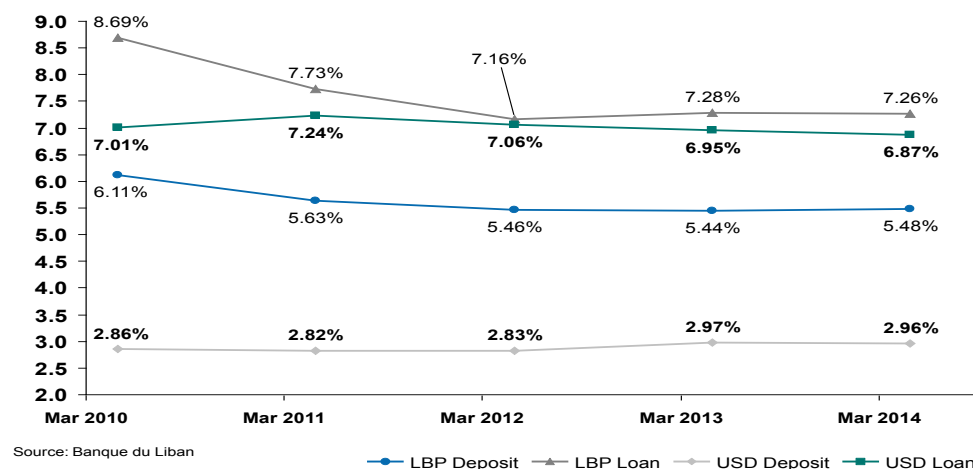
## Value of Foreign Assets held by BdL

(in Millions USD; 2010-2014)



## LBP and USD Deposit and Loan Rates

(in Percentage; 2010-2014)



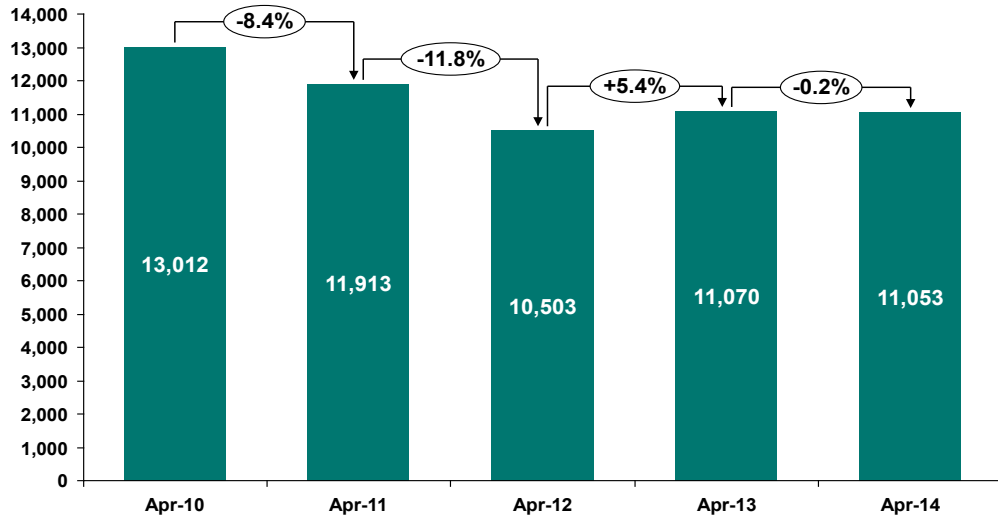
# KEY ECONOMIC INDICATORS

## APRIL 2014 ISSUE

FINANCE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
M3 Money Supply (Million USD)	4	Mar	112,293	105,846	6.1%	98,945	7.0%	92,756	6.7%	84,963
<i>Growth in M3 Money (%)</i>	4	YTD Mar	1.0%	1.8%		1.8%		0.7%		3.5%
Value of Cleared Checks (in Millions of USD)	4	Jan-Mar	18,038	17,261	4.5%	17,367	-0.6%	17,592	-1.3%	16,903
Number of Cleared Checks (in Millions)	4	Jan-Mar	3.20	3.16	1.3%	3.18	-0.4%	3.09	2.7%	3.07
Value of Kafalat Loans (Millions USD)	17	Jan-Mar	26.8	24.5	9.4%	33.0	-25.8%	41.9	-21.2%	46.3
Number of Kafalat Loans	17	Jan-Mar	209	183	14.2%	240	-23.8%	301	-20.3%	392
Market Capitalization (Millions USD)	16	Jan-Apr	11,053	11,070	-0.2%	10,503	5.4%	11,913	-11.8%	13,012
Value of Traded Shares (Millions of USD)	16	Jan-Apr	137.2	88.5	55.0%	126.2	-29.8%	243.9	-48.3%	1,264.3
Volume of Trade Shares (Millions of Shares)	16	Jan-Apr	19.2	13.6	41.0%	17.3	-21.0%	43.6	-60.4%	200.3
EXCHANGE RATE MARKETS	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
YoY USD-LBP Exchange Rate	18	Apr Close	1,512.5	1,511	0.1%	1,502	0.6%	1,507.5	0.2%	1,507.5
YoY EURO-USD Exchange Rate	19	Apr Close	1.3812	1.3168	4.9%	1.3239	-0.5%	1.4822	1.4%	1.3233
YoY GBP-USD Exchange Rate	19	Apr Close	1.6827	1.5532	8.3%	1.6234	-4.3%	1.6632	-6.6%	1.532
YoY USD-JPY Exchange Rate	19	Apr Close	102.64	97.45	5.3%	79.82	22.1%	81.54	19.5%	94.03

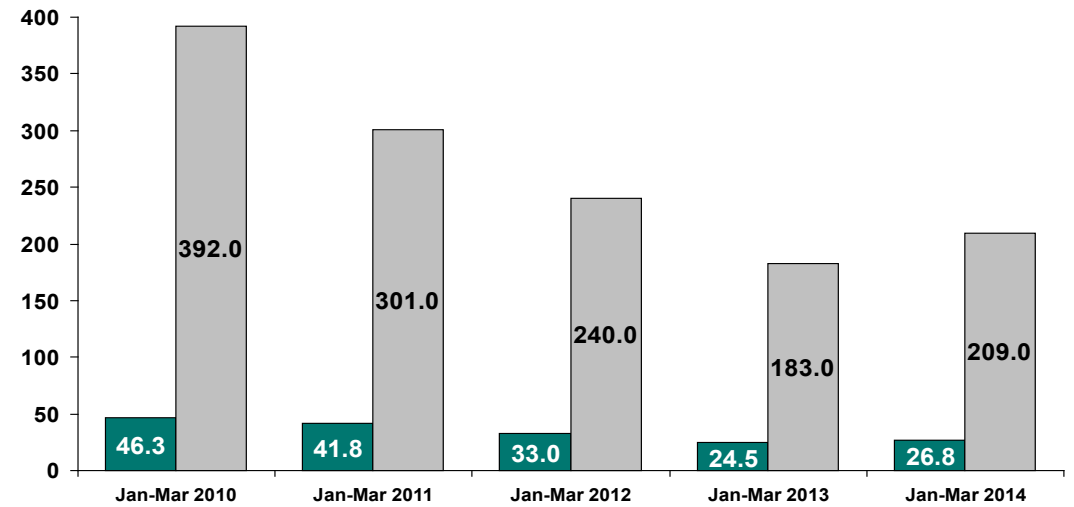


## Value of Market Capitalization (in Millions USD; 2010-2014)



Source: Beirut Stock Exchange

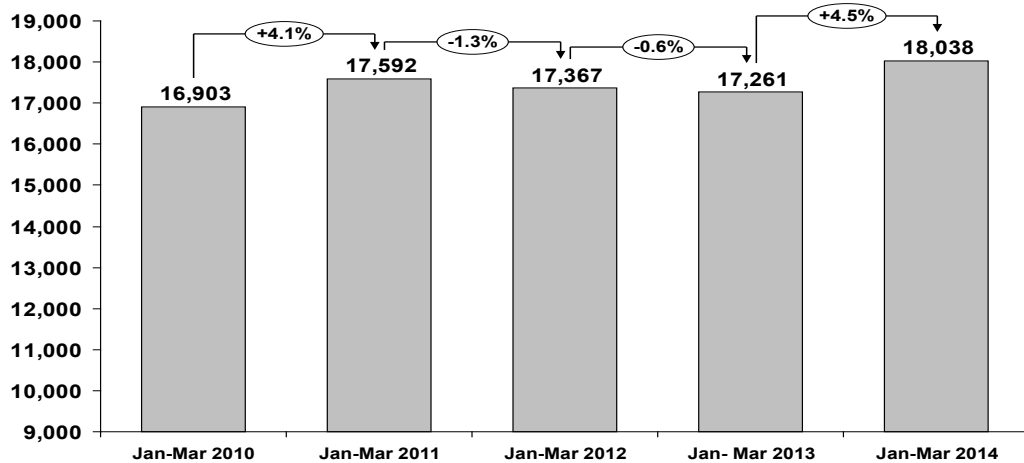
## Evolution in Value and Number of Kafalat Loans (in Millions USD/ Number of Loans; 2010-2014)



Source: Kafalat S.A.L

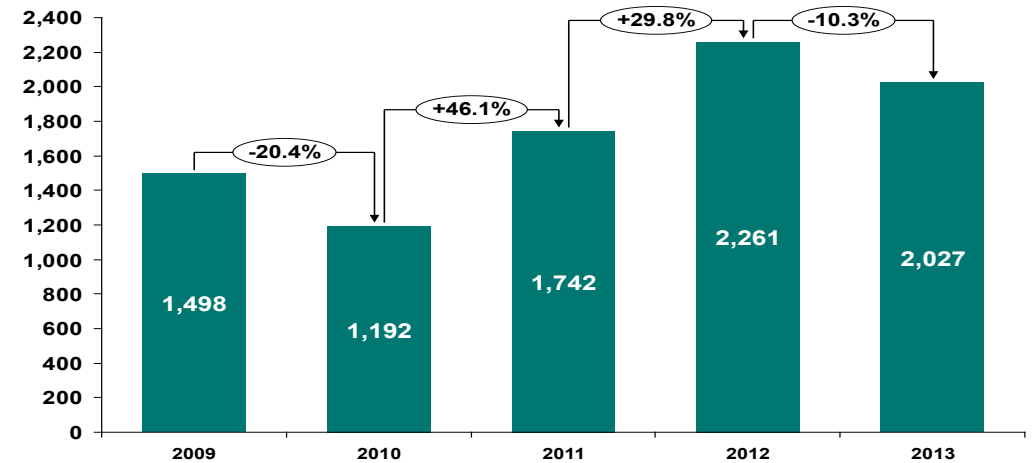
■ Value of Kafalat Loans  
■ Number of Kafalat Loans

## Evolution of the Value of Cleared Checks (in Millions USD; 2010-2014)



Source: Banque du Liban

## Evolution of EDL Transfers (in Millions of USD; 2009-2013)



Source: Banque du Liban



# KEY ECONOMIC INDICATORS

## APRIL 2014 ISSUE

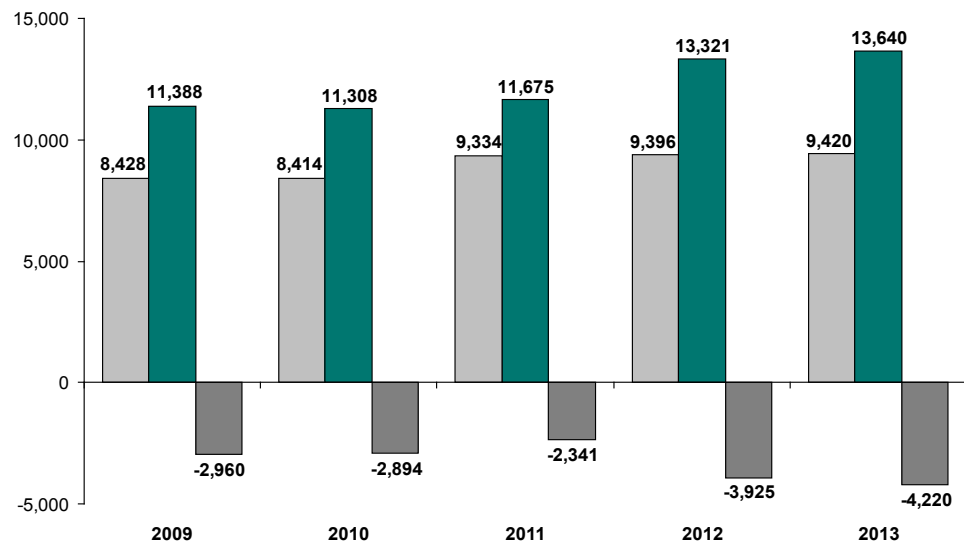
PUBLIC FINANCE [24]	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Total Revenues (Million USD)	20	Jan-Dec		9,420		9,396	0.3%	9,334	0.7%	8,414
Total Expenditures (Million USD)	20	Jan-Dec		13,640		13,321	2.4%	11,675	14.1%	11,308
Fiscal Balance (Million USD)	20	Jan-Dec		(4,220)		(3,925)	7.5%	(2,341)	67.6%	(2,894)
Total Primary Balance (Million USD)	20	Jan-Dec		(240)		(110)	118.2%	1,661	-106.6%	1,231
Public Debt (Billions USD)	21	Jan-Mar	65.1	57.7	12.8%	54.1	6.6%	52.6	2.9%	51.5
Budget Revenues (Millions USD), of which:	20	Jan-Dec		8,879		8,937	-0.6%	8,858	0.9%	7,972
Tax Revenues, of which:	20	Jan-Dec		6,711		6,758	-0.7%	6,557	3.1%	6,617
Misc Tax Rev	20	Jan-Dec		3,093		3,091	0.1%	2,923	5.8%	2,641
Customs Rev	20	Jan-Dec		1,431		1,493	-4.2%	1,445	3.3%	1,859
VAT Rev	20	Jan-Dec		2,187		2,173	0.6%	2,189	-0.7%	2,118
Non Tax Rev	20	Jan-Dec		2,168		2,180	-0.5%	2,301	-5.3%	1,355
Budget Expenditures (Millions of USD), of which:	20	Jan-Dec		10,652		10,153	4.9%	10,628	-4.5%	10,074
General Expenditures, of which:	20	Jan-Dec		6,671		6,338	5.3%	6,626	-4.3%	5,950
EdL	20	Jan-Dec		2,027		2,261	-10.3%	1,742	29.8%	1,192
Interest Payments, of which:	20	Jan-Dec		3,790		3,620	4.7%	3,751	-3.5%	3,909
Lebanese Lira Interest Payments	20	Jan-Dec		2,216		2,211	0.2%	2,356	-6.2%	2,496
Foreign Currency Interest Payments	20	Jan-Dec		1,574		1,409	11.7%	1,395	1.0%	1,413
Principal Repayments	20	Jan-Dec		190		196	-3.1%	252	-22.1%	215
Treasury Revenues (Millions of USD)	20	Jan-Dec		541		458	18.1%	476	-3.8%	442
Treasury Expenditures (Millions of USD)	20	Jan-Dec		2,989		3,168	-5.7%	1,047	202.6%	1,234
Budget Expenditures (Millions of USD), of which:	22	Jan-Dec		12,573		12,281	2.4%	10,957	12.1%	10,236
Personnel Cost, of which:	22	Jan-Dec		4,294		4,460	-3.7%	3,670	21.5%	3,361
Salaries and Wages	22	Jan-Dec		2,837		2,925	-3.0%	2,533	15.5%	2,225
Retirement + End of Service	22	Jan-Dec		1,215		1,272	-4.5%	942	35.0%	923
Transfers to EdL	22	Jan-Dec		2,027		2,261	-10.3%	1,742	29.8%	1,192
Debt Service, of which:	22	Jan-Dec		3,981		3,816	4.3%	4,003	-4.7%	4,125
Lebanese Lira Interest Payments	22	Jan-Dec		2,216		2,211	0.2%	2,356	-6.2%	2,496
Foreign Currency Interest Payments	22	Jan-Dec		1,574		1,409	11.7%	1,395	1.0%	1,414
Capital Expenditures	22	Jan-Dec		655		504	30.0%	448	12.5%	466
Treasury Expenditures (Millions of USD)	22	Jan-Dec								

[20] Ministry of Finance- Fiscal Performance Sheet [21] Byblos Report Issue 353, [22] Public Finance Monitor



## Evolution of Total Revenues, Expenditures and Fiscal Balance

(in Millions USD; 2009-2013)

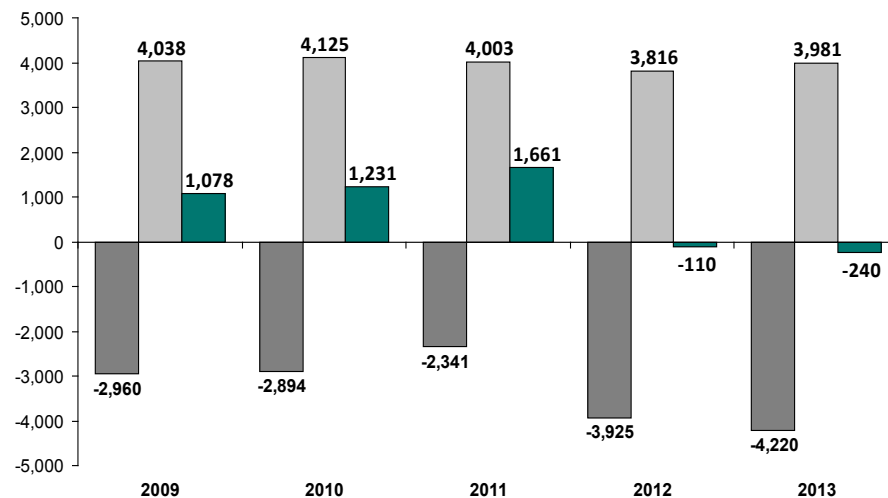


Source: Ministry of Finance

Revenues Expenditures Fiscal Balance

## Evolution of the Fiscal Balance, Debt Servicing and Primary Balance

(in Millions USD; 2009-2013)

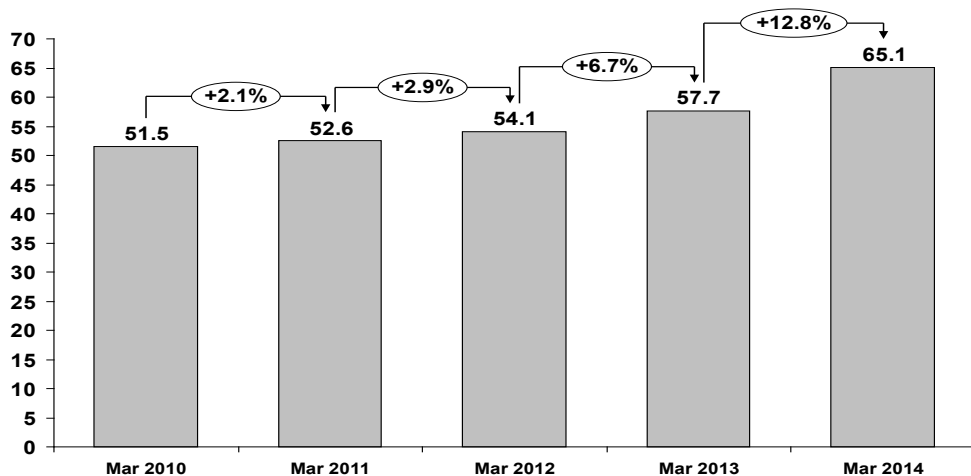


Source: Ministry of Finance

Fiscal Balance Debt Servicing Primary Balance

## Evolution of Gross Public Debt

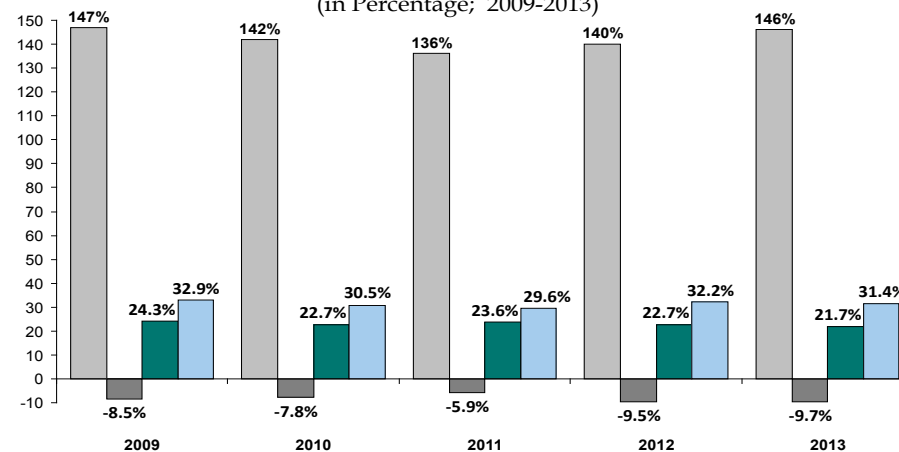
(in Billions of USD; 2010-2014)



Source: Banque du Liban

## Evolution of Debt/GDP, Deficit/GDP, Revenues/GDP and Expenditures/GDP

(in Percentage; 2009-2013)



Source: Ministry of Finance

Debt/ GDP Revenues/ GDP  
Deficit/ GDP Expenditures/ GDP

