

**Fransabank finalizes its quarterly bulletin for Q4 2017:
Economic growth at 2-3%, and banking
assets exceed GDP by four times**

Fransabank has recently finalized its quarterly bulletin for the fourth quarter of 2017, which includes a report on Lebanon's economy in 2017, and a study on the water sector in Lebanon.

The economic report on Lebanon indicated that the performance of leading sectors has improved in 2017 relative to 2016, a development which promoted economic growth to stand at nearly 2-3% in 2017, relative to 1.1-1.4% in 2016, according to the estimates of IMF and IIF respectively.

The report pointed that an increase was recorded in 2017 in the value of each of real-estate transactions by 18.5%, number of tourists by 10%, number of passengers via HIA by 8.3%, hotel occupancy rate to 64.8%, electricity production by 14.6%, and revenues of Port Beirut by 0.4%.

The report said that the unemployment rate in Lebanon is in excess of 20% currently, and Lebanon needs nearly 22,000 job opportunities till 2019, and 28.5% of the Lebanese live below the poverty line.

The report explained that the government's finance showed an improvement in public revenues by 13.7% between end-2016 and end-October 2017, while public spending increased by 2.8%, leading to a drop of 25% to USD 2.5 billion in public deficit. This was coupled with a continued growth in public indebtedness by 6.5% in the first eleven months of 2017 to reach USD 79.4 billion, which represents nearly 148% of GDP.

The report indicated that Lebanon experienced inflation in 2017 by 4.5%, relative to a deflation rate of 0.8% in 2016. It also indicated that the Central Bank's assets in foreign currencies increased by 3.1% from end of 2016 to reach USD 42 billion at end of 2017.

As for the banking sector, the report showed that total assets grew by 7.6% from end-2016 to reach USD 219.9 billion at end-2017, which represents nearly 411.2% of GDP, one of the highest ratios worldwide. But the Beirut Stock Exchange recorded a regression in its activity, with market capitalization down by 3.6% between 2016 and 2017, total trading volume 27.8% lower, and stocks turnover also down by 21.6%.

The report explained that Lebanon's trade deficit was 29% higher between 2016 and 2017, and reached USD 20.3 billion, which represents almost 38% of GDP. The deficit was the result of declining exports (by 4.5%) and increasing imports (by 23.7%). It also explained that the balance-of-payments experienced a deficit of USD 155.7 million in 2017 relative to a high surplus of USD 1.2 billion in 2016. This is because the trade deficit was bigger than the capital inflows in 2017 (nearly USD 20 billion).

Lastly, the report said that economic growth is estimated at 2.5-3.5% for 2018 according to the estimates of IMF and IIF respectively. It assured that Lebanon needs structural economic reforms and a fast exploitation of its oil and gas wealth to strengthen economic growth rates in the coming years.

End of News

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