

ECONOMY

Consumer Price Index increases by a yearly 7.57% in July 2018 alone

The average inflation rate for the first seven months of 2018 was recorded at **6.2%**.

The prices of water, electricity, gas, and other fuels reported the largest y-o-y increase of **17.04%** in July 2018 when compared to July 2017.

On a month-on-month basis, inflation recorded a **0.22%** decrease in July 2018 from June 2018.

Inflation recorded a yearly rate of 7.57% in July 2018 from July 2017 as indicated by the Central Administration of Statistics' Consumer Price Index (CPI). It is important to note that the average inflation rate for the first seven months of 2018 was recorded at 6.2%.

In parallel, water, electricity, gas and other fuels registered the largest annual increase in inflation by category by a yearly 17.04% in July 2018 followed by clothing and footwear and transportation prices by a yearly 14.64% and 12.88% when compared to July 2017. Moreover, old rental prices increased by an annual 10.12% followed by recreation and culture which increased by a yearly 7.82%. Communication prices, on the other hand, witnessed the lowest increase of 1.03% on a yearly basis in July 2018.

On a month-on-month basis, inflation recorded a 0.22% decrease in July 2018 from June 2018, with clothing and footwear recording highest monthly fall of 6.42%. Moreover, transportation prices as well as furnishings and household equipment prices decreased by a monthly 0.57% and 0.44%, respectively. On the other hand, health prices recorded the highest month-on-month rise of 1.67% followed by old rent prices with a 0.77% increase in July 2018 from June 2018.

On a geographical basis, North Lebanon and Beirut witnessed the largest month-on-month decrease in CPI by 0.87% and 0.59%, respectively. They were followed by Nabatieh with a monthly drop in prices by 0.17%. Moreover, South Lebanon and Bekaa recorded respective monthly increases by 0.13% and 0.03%.

Y-o-Y Inflation	Weights	Annual (July 2018 - July 2017)
Food and Non-Alcoholic Beverages	20.0	5.96%
Alcoholic Beverages and Tobacco	1.4	1.98%
Clothing and Footwear	5.2	14.64%
Housing Water, Electricity, Gas and Other Fuels	28.4	9.33%
<i>Actual Rent</i>	2.9	6.07%
<i>Old Rent</i>	36.10%	10.12%
<i>New Rent</i>	63.90%	3.29%
<i>Owner Occupied</i>	13.6	3.82%
<i>Water, Electricity, Gas, Other fuels</i>	11.8	17.04%
Furnishings, Household Equipment	3.8	2.86%
Health	7.7	5.85%
Transportation	13.1	12.88%
Communication	4.5	1.03%
Recreation and Culture	2.4	7.82%
Education	6.6	4.14%
Restaurants and Hotels	2.8	3.50%
Miscellaneous Goods & Services	4.1	2.46%
CPI	100	7.57%

Source: Central Administration of Statistics, Bankmed Research

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Tourist arrivals increase by a yearly 4% in the first seven months of 2018

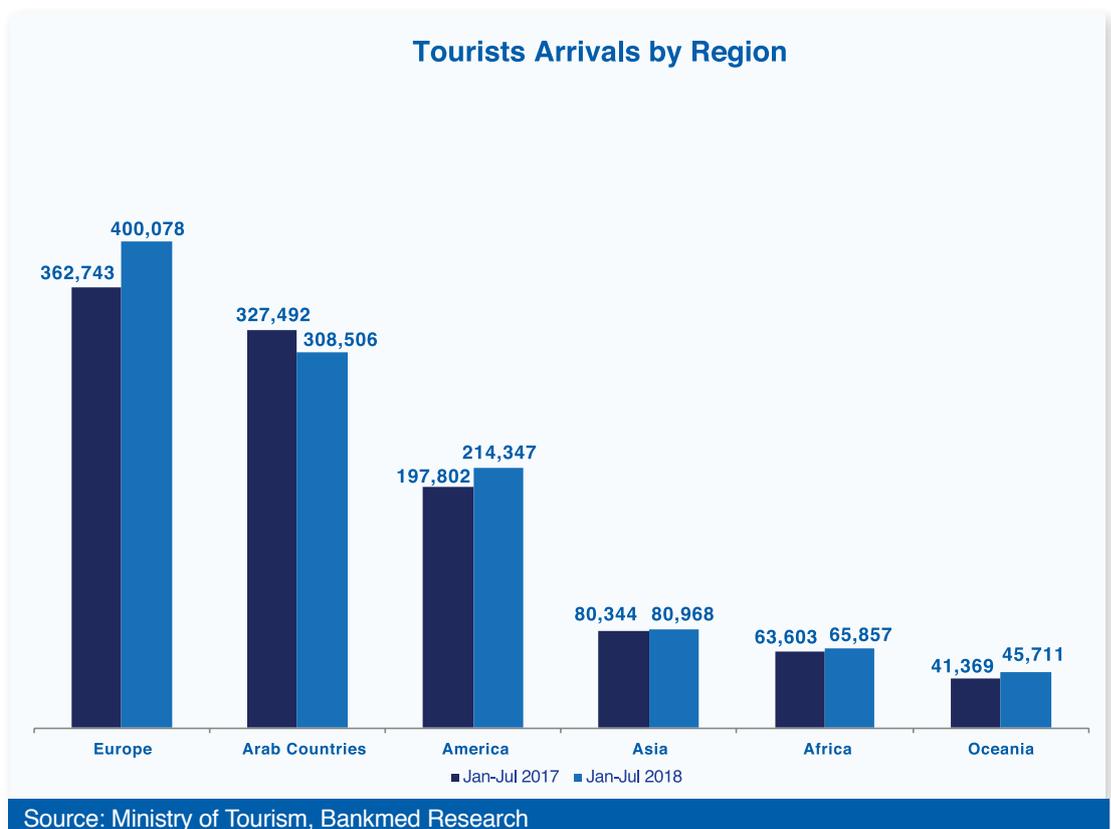
The number of tourist arrivals to Lebanon reached **1,115,866** in the first seven months of **2018**, up from **1,073,726** arrivals reported during the same period of **2017**.

The number of tourists coming into Lebanon reached 1,115,866 in the first seven months of 2018, indicating a yearly 3.9% increase from 1,073,726 tourist arrivals reported during the same period of 2017.

In terms of country of origin, the number of tourist arrivals from European countries witnessed a year-on-year increase of 10.3% in the first seven months of 2018 reaching 400,078 arrivals. In addition, the number of tourists from America and Africa increased by a yearly 8.4% and 3.5% to reach 214,347 and 65,857 tourists over the period January-July 2018.

However, tourist arrivals from Arab countries declined by a yearly 5.8% and reached 308,506 tourists in the first seven months of 2018 down from 327,492 tourist arrivals over the same period last year.

In terms of country of origin, the number of tourist arrivals from European countries witnessed a year-on-year increase by **10.3%** in the first seven months of **2018** reaching **400,078**.



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Overall tourist spending in Lebanon increases by 5% in the first half of 2018

Visitor spending from Syria witnessed the largest yearly increase by **98.2%** in the first six months of **2018**, while tourist spending from Saudi Arabia witnessed the lowest decline by **21.4%**.

In the latest report for the first half of 2018, Global Blue Lebanon, the VAT refund operator, reported a 5% increase in tourist spending in Lebanon in the first six months of 2018 compared to same period of 2017. The figures published by Global Blue Lebanon represent purchases by tourists in Lebanon whose VAT was claimed, giving a fair view on tourist shopping trends.

Visitor spending from Syria witnessed the largest yearly increase by 98.2% in the first six months of 2018, followed by tourist spending from Qatar (64.1%), Egypt (36.6%), Jordan (3.7%), and France (3.5%). On the other hand, overall tourist spending from Saudi Arabia declined over the period January-June 2018 by 21.4%.

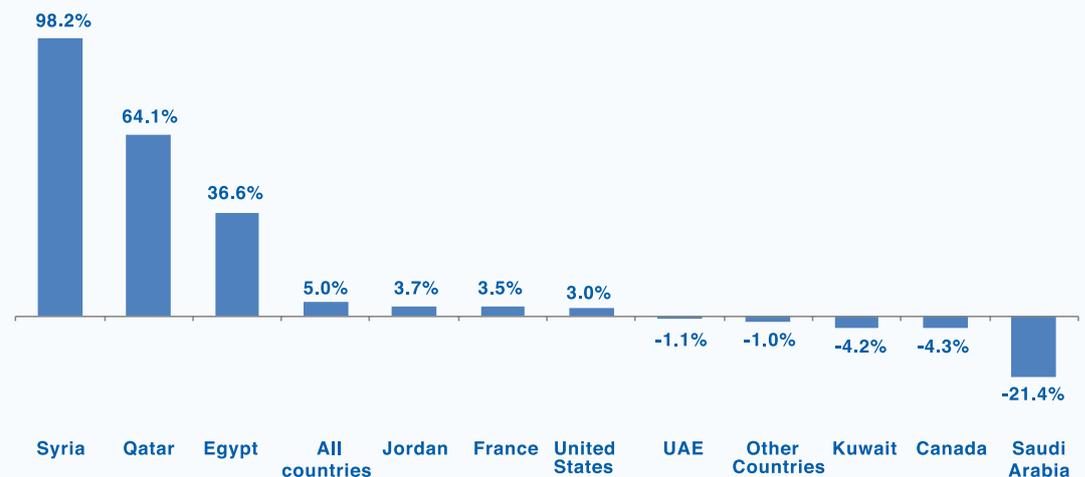
Tourists from Saudi Arabia, UAE, and Syria accounted for the largest shares of total tourist spending in the first six months of **2018**.

On the other hand, the spending distribution by country of residence for the first six months of 2018 reveals that tourists from Saudi Arabia and UAE each accounted for 11% of total tourist spending, followed by tourists from Syria with a 10% share, Kuwait (7%), and Egypt (6%).

In terms of spending distribution by category, the report reveals that fashion and clothing accounted for the largest share of 66% of total tourist spending in the same reporting period followed by watches and jewelry with a 19% share. The tourist spending evolution by category showed that the highest increase in spending was attributed to watches and jewelry which rose by a yearly 24.5% as of the second quarter of 2018 when compared to the same period last year.

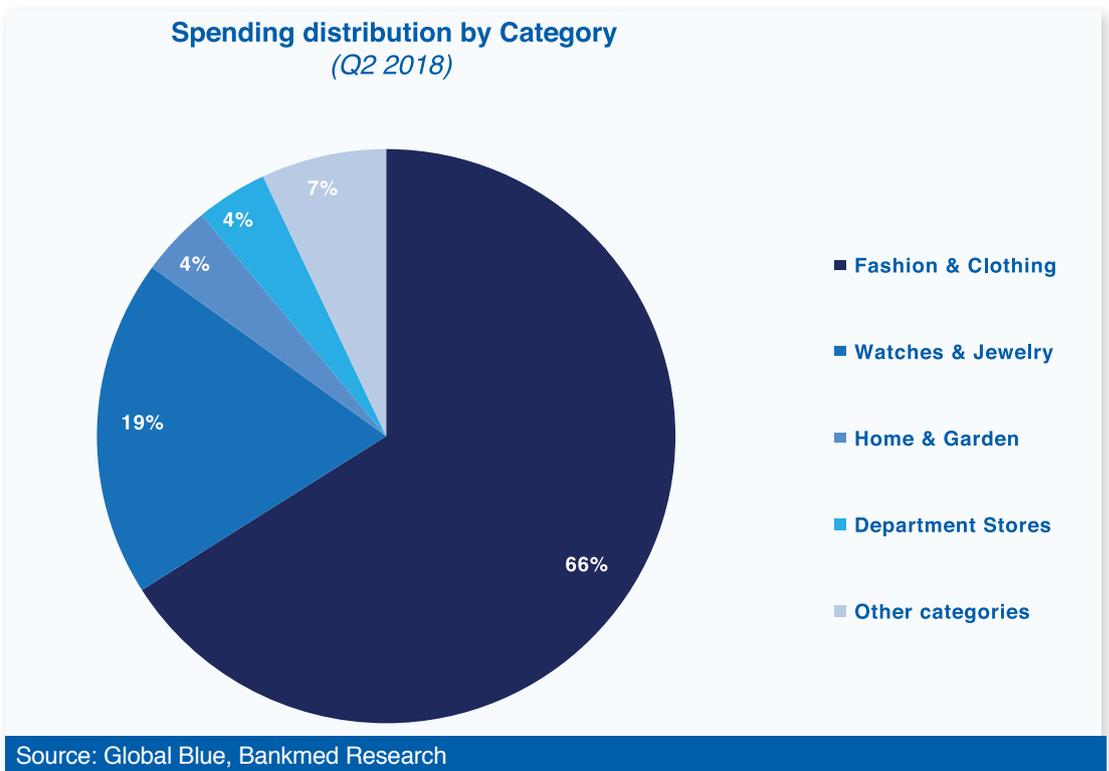
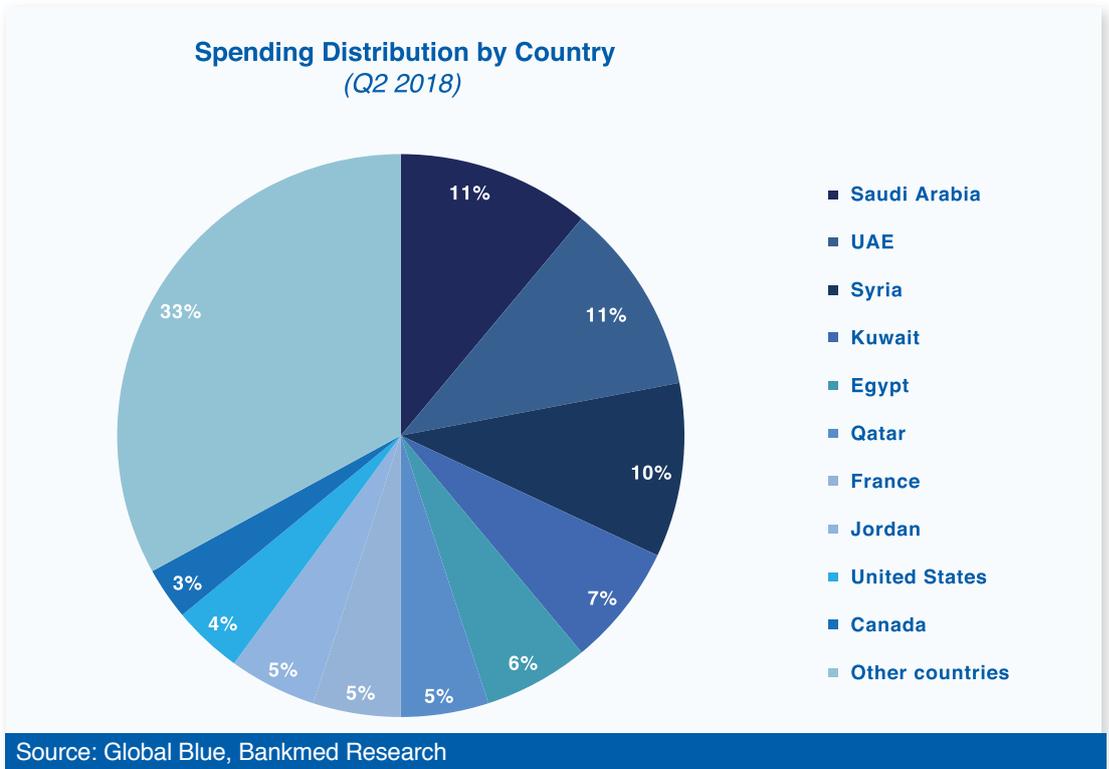
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Spending Evolution by Country (Jan-Jun 2018 vs. Jan-Jun 2017)



Source: Global Blue, Bankmed Research

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The value and volume of property transactions decrease by a yearly 15.4% and 16.8% respectively in the first seven months of 2018

The value of property sales transactions reached **USD 4,557.1 million** in January-July 2018, decreasing by a yearly **15.4%** in comparison with January-July 2017. In fact, the largest drop in value was reported in North Lebanon (**33.1%**), followed by Baabda (**24.7%**) and Metn (**18.5%**).

In terms of transactions' volume by region, Baabda reported the largest yearly drop in the number of property sales by **22.3%** in the first seven months of 2018, followed by Kesserwan and North Lebanon with a yearly decrease of **20.9%** and **20.7%**, respectively.

The latest figures released by the Directorate of Real Estate and Cadastre reveal that the value of property sales transactions stood at USD 4,557.1 million in January-July 2018, decreasing by a yearly 15.4% in comparison to USD 5,387.4 million recorded in January-July 2017. This downward trend in value was accompanied by a yearly 16.8% decrease in the volume of transactions to reach 33,199 in January-July 2018 down from 39,910 reported during the same period in 2017.

With regard to real estate transactions by region during the aforementioned period, all regions reported a fall in the value of sold properties with North Lebanon reporting the highest yearly decrease of 33.1%. It was followed by Baabda (24.7%), Metn (18.5%), and Nabatieh (16.1%).

In terms of transactions' volume by region, Baabda reported the largest yearly decrease in the number of property sales by 22.3% in the first seven months of 2018 amounting to 6,527 transactions, followed by Kesserwan and North Lebanon with a yearly decrease of 20.9% and 20.7%, respectively. Beirut reported a 14.4% yearly decrease in the volume of sold properties to stand at 2,485 in the first seven of 2018. Finally, the average value of real estate transactions across all regions was estimated at USD 137,267 increasing by a yearly 1.7%.

Value of Real Estate Transactions				Volume of Real Estate Transactions			
(USD Million)	Jan-Jul 2017	Jan-Jul 2018	% Change		Jan-Jul 2017	Jan-Jul 2018	% Change
Beirut	1,440.1	1,302.3	-9.6%	Baabda	8,396	6,527	-22.3%
Baabda	1,146.1	863.5	-24.7%	North	6,579	5,214	-20.7%
Metn	984.9	802.6	-18.5%	Bekaa	4,560	4,217	-7.5%
Kesserwan	570.3	560.9	-1.6%	South	4,152	3,836	-7.6%
South	395.8	336.4	-15.0%	Metn	4,383	3,732	-14.9%
North	444.9	297.8	-33.1%	Kesserwan	4,082	3,229	-20.9%
Bekaa	197.3	194.0	-1.6%	Nabatieh	3,623	3,035	-16.2%
Nabatieh	158.3	132.9	-16.1%	Beirut	2,902	2,485	-14.4%
Others	49.6	66.8	34.7%	Others	1,233	924	-25.1%
Total	5,387.4	4,557.1	-15.4%	Total	39,910	33,199	-16.8%

Source: Real Estate Registry, Bankmed Research

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Deposits denominated in foreign currencies increase by USD 126 million during the week of August 09-16, 2018

The total number of new passenger cars sold in the country decreased by a yearly **4.6%** reaching **20,873** cars in the first seven of **2018**, compared to **21,888** cars sold during the same period in **2017**.

Kia topped the list of passenger car sales with a total of **3,304** cars sold in the first seven months of **2018**. It was followed by Hyundai (**2,809**) and Toyota (**2,735**).

On the monetary front, the overall money supply "M4" decreased by USD 31 million during the week of August 09-16, 2018, to USD 147.848 billion, while the non-banking sector treasury bills portfolio increased by USD 19 million during the same week.

Lebanese Pound denominated deposits and currency in circulation "M1" decreased by 1.81% (or USD 136 million) during the aforementioned week to USD 7.338 billion. In parallel, local currency term deposits "M2" decreased by USD 176 million during the same week to stand at USD 53.149 billion.

The private sector term and saving deposits denominated in LBP (M2-M1) decreased by USD 4 million during the mentioned week to around USD 45.812 billion, while deposits denominated in foreign currencies (M3-M2) increased by USD 126 million during the week to reach USD 87.223 billion.

Money Supply			
Week of August 09-16, 2018			
(USD billion)	9-Aug-18	16-Aug-18	Absolute change over week
M1	7.473	7.338	-0.136
M2	53.325	53.149	-0.176
M3	140.422	140.372	-0.050
M4	147.879	147.848	-0.031
M2-M1	45.852	45.812	-0.040
M3-M2	87.097	87.223	0.126
M1 = Currency in Circulation + Demand Deposits in LBP			
M2 = M1 + Other Deposits in LBP			
M3 = M2 + Deposits in FX			
M4 = M3 + TBs held by non-banking system including accrued interests			

Source: BDL, Bankmed Research

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