BLOMINVEST BANK SAL

Your Investment Reference

THE LEBANON BRIEF

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ECONOMIC RESEARCH DEPARTMENT
Rashid Karame Street, Verdun Area
P.O.Box 11-1540 Beirut, Lebanon
T (01) 747802 F (+961) 1 737414
research@blominvestbank.com
www.blom.com.lb

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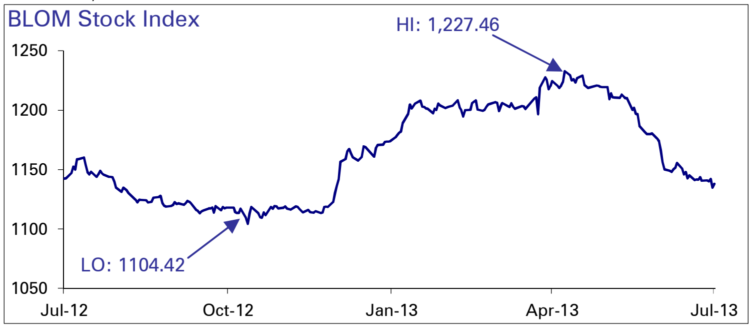
FINANCIAL MARKETS

Equity Market

Stock Market

	12/7/2013	5/7/2013	% Change
BLOM Stock Index*	1,138.03	1,140.50	-0.22%
Average Traded Volume	78,966	32,218	145.10%
Average Traded Value	789,868	539,110	46.51%

*22 January 1996 = 1000



Investors maintained their passive stance this week especially due to Tuesday's car explosion in Beirut's southern suburb. The average volume of trades rose from 32,218 shares worth $539,110 last week to 78,966 shares valued at $789,868M this week. The BLOM Stock Index (BSI), Lebanon's main equity gauge, hovered between a lower band of 1,135 points and an upper band of 1,142 points, before ending the week at 1,138.03 points, 0.22% less than its close on July 5th. Consequently, the BSI limited its year-to-date performance to a negative 2.66%. As for the market capitalization, it fell by $19.70M from July 5th to attain $9.07B by Friday this week.

Arab equities showed no homogeneous trend this week and markets posted mixed results. Dubai and Abu Dhabi were the best performers with a respective weekly progress of 5.63% and 4.01%. On the other hand, the Lebanese benchmark fell 0.22%, outperforming Tunisia, Jordan, Kuwait and Egypt indices that tumbled 0.30%, 0.67%, 1.01% and 1.08% respectively.

Compared to regional and emerging markets indices, the BSI fared worse than its peers as the political tensions and security concerns weighed negatively on the Lebanese equities. The MSCI Emerging Index edged up by a weekly 2.25% to reach 942.88 points. The S&P AFE40 and the S&P Pan Arab Composite LargeMidCap rose by 0.88% and 0.53% on a weekly basis to stand at 58.57 points and 119.83 points, respectively.

Banking Sector

	Mkt	12/7/2013	5/7/2013	%Change
BLOM (GDR)	BSE	$8.65	$8.65	0.00%
BLOM Listed	BSE	$8.30	$8.25	0.61%
BLOM (GDR)	LSE	$8.50	$8.55	-0.58%
Audi (GDR)	BSE	$6.20	$6.39	-2.97%
Audi Listed	BSE	$6.00	$6.10	-1.64%
Audi (GDR)	LSE	$6.20	$6.15	0.81%
Byblos (C)	BSE	$1.51	$1.52	-0.66%
Byblos (GDR)	LSE	$70.00	$70.00	0.00%
Bank of Beirut (C)	BSE	$19.00	$19.00	0.00%
BLC (C)	BSE	$1.95	$1.95	0.00%
Fransabank (B)	OTC	$28.00	$28.00	0.00%
BEMO (C)	BSE	$1.84	$1.84	0.00%

	Mkt	12/7/2013	5/7/2013	% Change
Banks' Preferred Shares Index *		104.25	104.27	-0.02%
BEMO Preferred 2006	BSE	$100.10	$100.10	0.00%
Audi Pref. E	BSE	$101.00	$101.00	0.00%
Audi Pref. F	BSE	$100.20	$100.20	0.00%
Audi Pref. G	BSE	$100.00	$100.00	0.00%
Audi Pref. H	BSE	$100.00	$100.00	0.00%
Byblos Preferred 08	BSE	$100.00	$100.00	0.00%
Byblos Preferred 09	BSE	$100.50	$101.00	-0.50%
Bank of Beirut Pref. E	BSE	$25.65	$25.60	0.20%
Bank of Beirut Pref. I	BSE	$25.40	$25.40	0.00%
Bank of Beirut Pref. H	BSE	$25.60	$25.50	0.39%
BLOM Preferred 2011	BSE	$10.12	$10.12	0.00%

* 25 August 2006 = 100

Banking stocks posted a mixed performance with the BLOM listed stocks rising by 0.61% to $8.30, while BLOM GDRs remained flat at $8.65. Audi Listed stocks declined 1.64% to $6.00, while its GDRs retreated 2.97% to $6.20. Byblos common shares lost 0.66% to stand $1.51.

On the London Stock Exchange, the GDRs of Audi rose by 0.81% to reach $6.20, while those of BLOM Bank edged down by a weekly 0.58% to close at $8.50.

Real Estate

	Mkt	12/7/2013	5/7/2013	% Change
Solidere (A)	BSE	$11.42	$11.29	1.15%
Solidere (B)	BSE	$11.22	$11.06	1.45%
Solidere (GDR)	LSE	$10.70	$10.90	-1.83%

Manufacturing Sector

	Mkt	12/7/2013	5/7/2013	% Change
HOLCIM Liban	BSE	$14.81	$14.81	0.00%
Ciments Blancs (B)	BSE	$3.23	$3.23	0.00%
Ciments Blancs (N)	BSE	$3.24	$3.24	0.00%

Funds

	Mkt	12/7/2013	5/7/2013	% Change
BLOM Cedars Balanced Fund Tranche “A”	-----	$6,874.23	$6,942.85	-0.99%
BLOM Cedars Balanced Fund Tranche “B”	-----	$5,007.48	$5,059.45	-1.03%
BLOM Cedars Balanced Fund Tranche “C”	-----	$5,221.03	$5,273.14	-0.99%
BLOM Bond Fund	-----	$9,724.12	$9,724.12	0.00%

Retail Sector

	Mkt	12/7/2013	5/7/2013	% Change
RYMCO	BSE	$3.50	$3.50	0.00%
ABC (New)	OTC	$33.00	$33.00	0.00%

Tourism Sector

	Mkt	12/7/2013	5/7/2013	% Change
Casino Du Liban	OTC	$480.00	$480.00	0.00%
SGHL	OTC	$7.00	$7.00	0.00%

As for the BLOM preferred shares index (BPSI), it inched down 0.02% to 104.25 points, mainly dragged by Byblos preferred stocks class 09 that dropped 0.50% to $100.50. Bank of Beirut (BoB) Preferred stocks class E and H gained 0.20% and 0.39% to end the week at $25.65 and $25.60.

In the Real Estate sector, Solidere shares ended the week in the green capturing 32.6% of total value traded during the week. Both classes “A” and “B” increased by 1.15% and 1.45% to close at $11.42 and $11.22, respectively. On London Stock Exchange, Solidere GDRs edged down by a weekly 1.83% to close at $10.70.

In summary, activity on the BSE is expected to remain very slow with stocks fluctuating according to the actual security environment and depending on the break of the political stalemate which is reducing investment sentiment.

Foreign Exchange Market

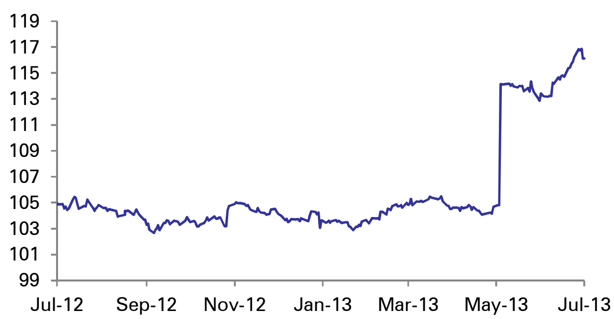
Lebanese Forex Market

	12/7/2013	5/7/2013	%Change
Dollar / LP	1,512.50	1,512.50	0.00%
Euro / LP	1,966.08	1,941.21	1.28%
Swiss Franc / LP	1,585.84	1,572.11	0.87%
Yen / LP	15.22	15.07	1.00%
Sterling / LP	2,281.00	2,260.35	0.91%
NEER Index**	116.11	116.25	-0.12%

*Close of GMT 09:00+2
**Nominal Effective Exchange Rate; Base Year Jan 2006=100
**The unadjusted weighted average value of a country's currency relative to all major currencies being traded within a pool of currencies.

The weekly demand on the US dollar remained stable as the range at which banks exchanged the currency remained the same at $/LP 1,510.5 - $/LP 1,514.5 with a mid-price of $/LP1, 512.5. Foreign assets (excluding gold) at the Central Bank stood at $37.17B as of end June 2013, 1.12% higher than end of May's $36.76B. Meanwhile, the dollarization rate of private sector deposits stood at 65.4% in May compared to 65.1% in April.

Nominal Effective Exchange Rate (NEER)



The euro registered a weekly advance against the dollar. In fact, the greenback fell as investors bet on inflation missing the Fed's 2% target thus scaling back expectations of an asset purchase wind down. Moreover, the Fed's chairman stated that the labor market improvement still doesn't meet the central bank's standards. However, analysts estimate that the euro's advance is merely corrective and temporary since Mario Draghi announced that interest rates will remain low for "an extended period of time". By Friday July 12th, 2013, 12:30 pm Beirut time, the euro closed at €/$ 1.30 up by 1.28% from last week. As for the dollar-pegged LP, it depreciated to €/LP 1,966.08 from €/LP 1,941.21 recorded on Friday July 5th. The Nominal effective exchange rate (NEER) fell by 0.12% over the cited period to 116.11 points, while its y-t-d performance stood at 11.85%.

Money & Treasury Bills Market

Money Market Rates

	12/7/2013	5/7/2013	Change bps
Overnight Interbank	2.75	2.75	0
BDL 45-day CD	3.57	3.57	0
BDL 60-day CD	3.85	3.85	0

During the week ending June 27th, broad Money M3 grew by LP292B ($194M), to reach LP 162,139B ($107.56B). M3 growth rate reached 7.21% on a year-on-year basis and 2.67% from end of December 2012. As for M1, it expanded by LP97B ($64M) since demand deposits increased by LP138B ($91.54M) and outweighed the LP41B ($27.20M) decrease in currency in circulation. Total deposits (excluding demand deposits) registered an LP194.77B ($129.20M) expansion, due to the LP41B rise in term and saving deposits in the domestic currency and the $102M upturn in deposits denominated in foreign currencies. During the period 20-27 June, the broad money dollarization rate slipped by 1 basis point to reach 58.92% compared to its previous level of 58.93%. According to the Central Bank, the overnight interbank rate stood at 2.75% by the end of April 2013.

Treasury Yields

	12/7/2013	5/7/2013	Change bps
3-M TB yield	4.39%	4.39%	0
6-M TB yield	4.87%	4.87%	0
12-M TB yield	5.08%	5.08%	0
24-M TB coupon	5.84%	5.84%	0
36-M TB coupon	6.50%	6.50%	0
60-M TB coupon	6.74%	6.74%	0

In the TBs auction held on July 4th, the Ministry of Finance raised LP146.3B ($97.05M) through the issuance of Treasury Bills. The highest demand was witnessed on the 6-Months (6M) bills capturing 80% of total subscriptions while the 3M bills and the 60M notes seized respective shares of 19% and 1%. The average discount rate for the 3M and 6M bills registered 4.39% and 4.87% while the coupons on the 60M bills stood at 6.74%. New subscriptions exceeded maturing T-bills by LP83.68B ($55.51M).

Eurobond Market

Eurobonds Index and Yield

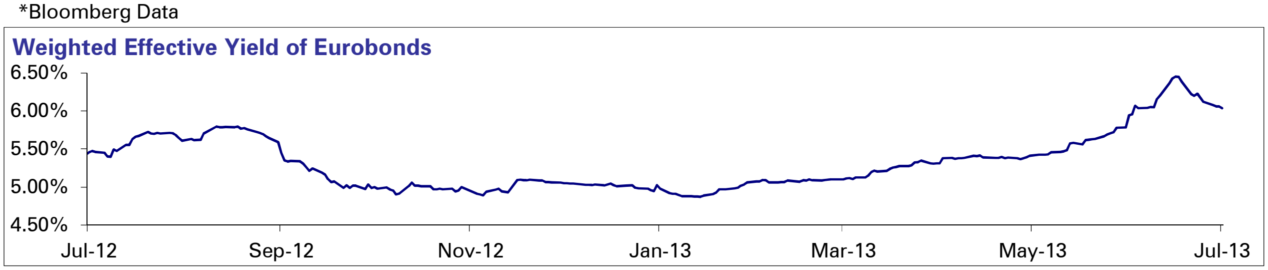
	11/7/2013	4/7/2013	Change	Year to Date
BLOM Bond Index (BBI)*	104.570	103.890	0.65%	-4.12%
Weighted Yield**	6.04%	6.17%	-14	102
Weighted Spread***	464	372	92	34

*Base Year 2000 = 100; includes US$ sovereign bonds traded on the OTC market
** The change is in basis points ***Against US Treasuries (in basis points)

Lebanese Government Eurobonds

Maturity - Coupon	11/7/2013 Price*	4/7/2013 Price*	Weekly Change%	11/7/2013 Yield	4/7/2013 Yield	Weekly Change bps
2014, Apr - 7.375%	102.11	102.10	0.01%	4.50%	4.58%	-9
2014, May - 9.000%	103.25	103.23	0.02%	4.84%	4.96%	-12
2015, Jan - 5.875%	101.75	101.66	0.09%	4.66%	4.73%	-8
2015, Aug - 8.500%	107.07	106.78	0.28%	4.86%	5.04%	-17
2016, Jan - 8.500%	108.14	107.51	0.58%	5.02%	5.30%	-28
2016, May - 11.625%	116.63	116.44	0.16%	5.23%	5.33%	-10
2017, Mar - 9.000%	110.97	110.44	0.48%	5.66%	5.83%	-17
2018, Jun - 5.150%	97.56	97.56	0.00%	5.72%	5.72%	0
2020, Mar - 6.375%	98.45	97.62	0.86%	6.66%	6.82%	-16
2021, Apr - 8.250%	109.85	108.20	1.52%	6.60%	6.87%	-26
2022, Oct - 6.100%	96.08	95.39	0.72%	6.67%	6.78%	-10
2023, Jan - 6.00%	95.21	93.60	1.72%	6.69%	6.93%	-24
2024, Dec - 7.000%	101.59	100.81	0.77%	6.80%	6.90%	-10
2026, Nov - 6.600%	96.89	95.89	1.04%	6.96%	7.08%	-12
2027, Nov - 6.75%	96.92	96.08	0.87%	7.09%	7.19%	-10

*Bloomberg Data



Despite the recent security concerns that rose among investors, the Lebanese Eurobonds market picked up this week with the BLOM Bond Index (BBI) increasing by 0.65% to settle at 104.57 points on Thursday June 12, 2013. Demand especially improved for the long term Lebanese Eurobonds during the past week with the 10Y yield falling by 24 basis points (bps) to reach 6.69%, while demand for the 5Y Eurobonds stabilized as their yield fell 1 bps to 5.72%. The BBI outperformed the JP Morgan emerging markets bond index that fell by 0.99% to 614.71 points.

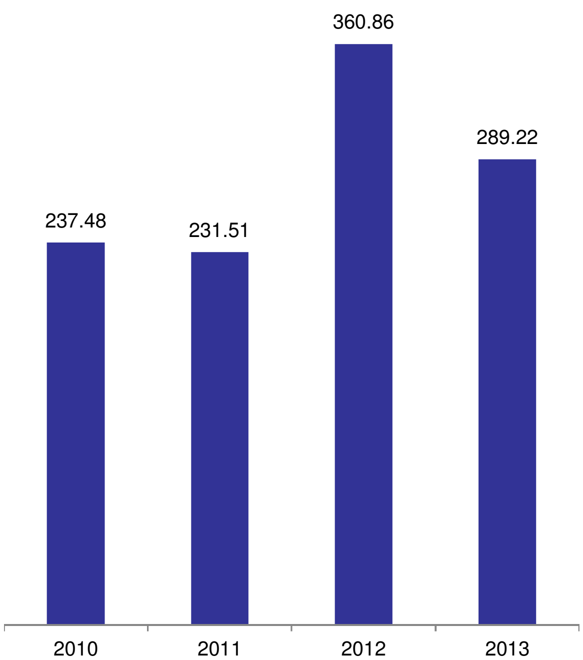
In the U.S, the safe assets market performance remained correlated with the FED's decision about cutting its bond purchases by the end of the year. Statements multiplied during the week about the FED's maintaining of its stimulus strategy, because of a division between the policy-makers regarding the best time to slow the bond buying process. Accordingly, U.S treasuries witnessed mixed performance this week with yields on the 5Y notes losing 2 bps to stand by the end of the week at 1.40%, while yields on the 10Y bonds added 8 bps to reach 2.60%. As a result, the spread between the 5Y US bond yield and its comparable Lebanese Eurobond widened by 1 bps to 432 bps, while the 10Y spread tightened by 32 bps to 409 bps.

In parallel, Lebanon's 5 years credit default swaps (CDS) were last trading at between 435-485 bps, with the bid-ask spread tightening from last week's 469-519 bps. In regional economies, CDS quotes in Saudi Arabia and Dubai were last trading at 67-82 bps and 211-227 bps widening from last week's quotes of 68-73 bps and 227-244 bps, respectively. As for the emerging economies, CDS quotes in Brazil slightly narrowed this week to 188-192 bps from 203-207 bps, while Turkey's 5Y CDS widened from last week's level of 186-191 bps to 223-228 bps.

ECONOMIC AND FINANCIAL NEWS

Treasury Transfers to EDL

Up to February (In $M)



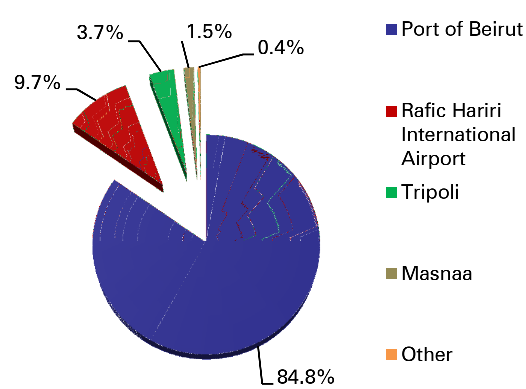
Source: Ministry of Finance

Transfers to EDL Fell by 20% to $289.22M Up to February

According to the Ministry of Finance (MOF), treasury transfers to EDL (Debt service and reimbursement of gas and fuel purchases) fell by 20% y-o-y to reach $289.22M up to February. Despite the minor $0.66M increase in EDL's debt service, the $72.31M fall in the reimbursement of gas and fuel purchases pulled the overall treasury transfers down, given the lower price and quantity of imported oil. From a quantitative viewpoint, fuel oil quantities imported during July-August 2012 and paid for in Jan-Feb 2013 decreased by 41 percent compared to the quantities imported during July-Sept 2011 and paid for in Jan-Feb 2012. From a pricing perspective, payments up to February 2013, reflecting May-August 2012's consumption, were made at an average crude oil price of $109.28/barrel. Meanwhile, payments up to February 2012, mirroring May- Sept 2011's consumption, were made at an average crude oil price of 114.5/barrel. In fact, the economic slowdown in the US and the Eurozone weighed oil prices down. Over the period May-August 2012 oil prices failed to regain their 2011 levels despite some modest recoveries, partly due to Japan shutting down its nuclear plants after 2011's tsunami. For the first two months of the year, EDL's contribution to the total oil bill stood at 3.4% compared to 1.7% in the same period last year. Accordingly, treasury transfers to EDL represented 19.4% of total expenditures compared to a higher share of 23% in the similar period of 2012.

Customs Offices Revenues Distribution

Up to April (In %)



Source: The Lebanese Customs

Total Revenues at Customs Contract by 6.0% by April

Total revenues at the Lebanese customs offices (Customs and VAT revenues) were adversely affected by the hindered activity of land shipping through the border gates with Syria, falling by a yearly 6.0% in the first four months of the year to stand at $936.39M compared to $996.20M collected a year earlier. Customs fee revenues totaled $490.61M by April 2013, slightly edging up by 1.5% y-o-y from last year's income. As for Value Added Tax (VAT) receipts, they tumbled by 13.1% y-o-y to reach $445.77M, according to data released by the Lebanese Customs. As for Customs offices revenues distribution, the Port of Beirut (PoB) grasped $793.79M or 84.8% of total revenues, while Rafic Hariri International Airport followed with 9.7% or $90.39M. Tripoli seaport and the gates of Masnaa collected $34.38 (3.7%) and $13.74M (1.5%), respectively.

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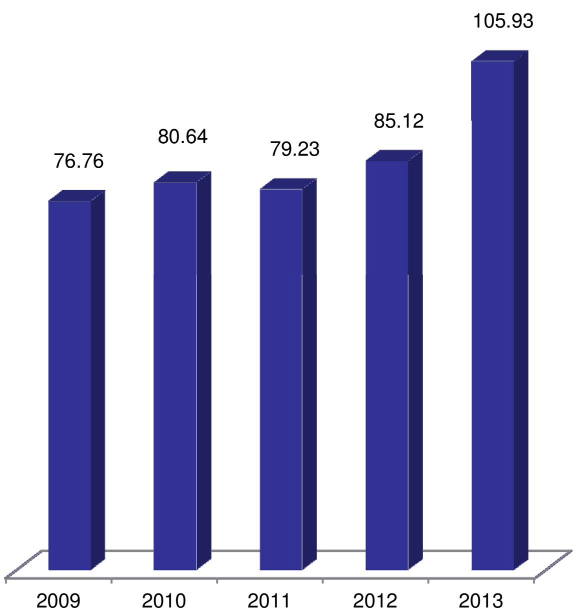
Port of Beirut Revenues Increase by 24.45% to $105.93M up to June

During the first half of the year, Port of Beirut's (PoB) total revenues rose to $105.93M compared to $85.12M in the same period last year, especially since the paralysis of the Syrian ports led to merchandise being imported through Beirut and exported back to war-stricken Syria. Revenues surged due to the 8.43% y-o-y rise in total container activity (container activity and transshipment) to 558,162 twenty-foot equivalent units (TEU) up to June. In fact, the 22.16% increase in container activity to 373,245 TEU offset the 11.62% y-o-y fall in transshipment (TS) volume to 184,917 TEU. However, the decline in transshipment is not to be mistaken with a slow activity at the PoB. In fact, the Port's authorities asked the shipping companies to scale down their transferred volumes given the excessive congestion at the port. The extension of the container terminal back in 2009 appeared to be insufficient. Hence, the Port recently allocated $60M for the purchase of loading and stocking equipment and for a further expansion of the terminal. The latter's capacity is set to increase from the current yearly 750,000 TEU to an estimated 1,200,000 TEU when it's fully functional in September. The bustling activity is also portrayed through the 15.74% y-o-y jump in the demand for cars as they totaled 45,982 units up to June compared to 39,728 units up to the same month last year. Moreover, imported and exported merchandise navigating through the port surged by a yearly 17.37% to 4,091.3 in H1 2013 while the number of vessels docking at the port rose by 4.55% to 1,058 in H1 2013.

Port of Beirut Revenues

Up to June (In $M)



Source: Port of Beirut Authorities

Kafalat Loans Fell to $53.98M up to June

Up to June, Kafalat granted loans worth $53.98M, 24% lower than the same period last year. This decrease reflects a hindered investor sentiment, pulled down by regional unrest and domestic instability. Accordingly, the lender issued 388 loan guarantees in the first half of 2013 compared to 527 in the first half of 2012. Loans granted in the region of Mount Lebanon registered the largest fall, going from 215 in H1 2012 to 147 in H1 2013. Kafalat loans in the north and the south respectively stood at 72 and 67 up to June 2012 but plummeted to 40 and 45 up to June 2013. The sectors that posted the biggest decreases of loan demand were Industry, Agriculture and tourism. Up to June, loans to the industrial sector fell by 36% y-o-y to 131, while those to the agricultural and tourism sectors tumbled by 18% and 31% to reach 158 and 67, respectively. In June alone, the regions that seized the biggest share of guaranteed loans were Bekaa (33.75%), Mount-Lebanon (30%) and the South (12.51%). Meanwhile, the sectors that accounted for the largest share of the lending activity were Agriculture (47.5%), Industry (31.25%) and Tourism (8.75%).

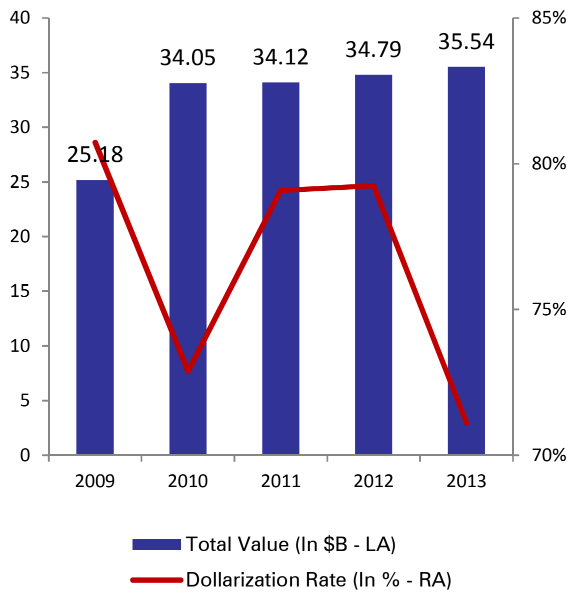
Kafalat Guarantees up to June

	Jan - June 2011	Jan - June 2012	Jan - June 2013
Loans Guaranteed	603	527	388
Total Value ($M)	81.38	71.31	53.98
Average Value ($)	134,959	135,320	139,126

Source: Kafalat

Total Value of Cleared Checks and Dollarization Rate Evolution

Up to June



Source: ABL

Cleared Checks Value Climbed to $35.54B in H1

The number of checks cleared by Banque du Liban rose by 1.6% in the first half of 2013 to reach 6.51M worth $35.54B compared to a total of 6.41M checks valued at $34.79B registered a year earlier. The progress in the clearing activity in the first half of 2013 could partly allude to an improvement in the private demand, in its investment and consumption components, compared to H1 2012. The value of checks denominated in foreign currencies edged down by 0.8% y-o-y to $26.94B, leading to a drop in the dollarization rate of checks to 76.98% compared to 79.24% recorded in H1 2012. Worth noting that the percentage of dollarization recorded during H1 this year shows an increasing role of the national currency despite the persistent dominance of checks issued in foreign currencies. As for defaulted checks, their value climbed by 11.2% y-o-y to $852M, accounting for 2.4% of the total value of checks. For the month of June alone, the value of cleared checks reached $5.97B, declining by 1.37% from June 2012 and by 0.3% from May this year. The value of checks denominated in foreign currencies, which represents 75.8% of the total, decreased by 5.12% y-o-y to reach $4.52B, while that of checks denominated in Lebanese pounds surged by a yearly 12.6% in June 2013 to stand at $1.44B.

Duration and Cost of Imports and Exports Procedures in Lebanon

	Imports		Exports	
	Duration (Days)	Cost ($)	Duration (Days)	Cost ($)
Documents Preparation	19	87	12	262
Customs Clearing and Technical Control	11	85	5	85
Ports and Terminal Handling	6	375	4	375
Inland Transportation and Handling	2	263	6	305
Total	38	810	27	1027

Source: ESCWA, Business Regulatory Reforms: Recommendations for Lebanon

ESCWA Recommends Business Regulatory Reforms

Through a research paper covering 172 countries, the Economic and Social Commission for Western Asia (ESCWA) established that, on average, the implementation of a single positive business regulation reform generates a 0.15% increase in income growth rate. From this standpoint, ESCWA examined the Lebanese regulatory framework and issued recommendations aiming at enhancing the business environment, especially tackling the capital requirements for new businesses, their relationship with the National Social Security Fund (NSSF) and cross-border trading. Regarding the minimum capital requirement necessary to starting a business in Lebanon, ESCWA found this prerequisite, abolished in Egypt and Saudi Arabia, to be counterproductive. Accordingly, eradicating this law in 2007 led to an 81% surge in KSA's new business registrations. In fact, this obligation takes away part of the entrepreneur's funding at a time when it's crucial for the business launch and can also act as an entry-barrier to small and medium enterprises, high generators of jobs and growth. Supporters of this law argue that it shields creditors from default-risk while ESCWA highlights that lenders base their decision on commercial risk rather than capital requirements. The report also recommended completing the computerization of the National Social Security Fund (NSSF), which would speed up the registration of the new company and its employees. In terms of cross-border trading, ESCWA stressed on extending customs' operating hours, allowing pre-arrival customs clearance and reducing free demurrage time.

CORPORATE DEVELOPMENTS

World Bank Approves the Mobile Internet Ecosystem Project (MIEP)

The World Bank recently gave the green light for the Mobile Internet Ecosystem Project designed to lend support to the Lebanese Telecommunications sector. More specifically, the project is set to fuel entrepreneurship and innovation in the mobile internet sector in order to gain access and competitiveness on international markets. The World Bank agreed to test the project in Lebanon, once the cabinet is formed, before widening its scope across the Middle East. The MIEP's budget amounts to $12.8M, split evenly between the World Bank and the Lebanese government.

MIEP Breakdown

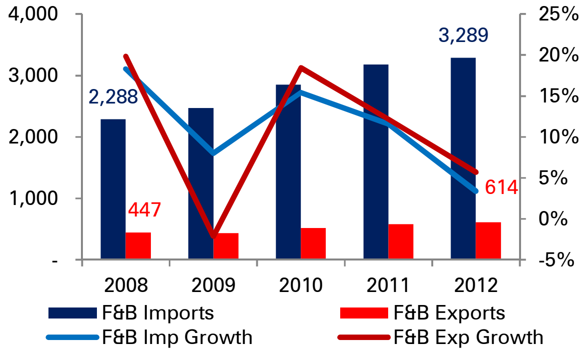
	Weight in Overall Project
Information Technology	80%
Telecommunications	20%
Education for the Knowledge Economy	70%
E-Services	30%

Source: World Bank

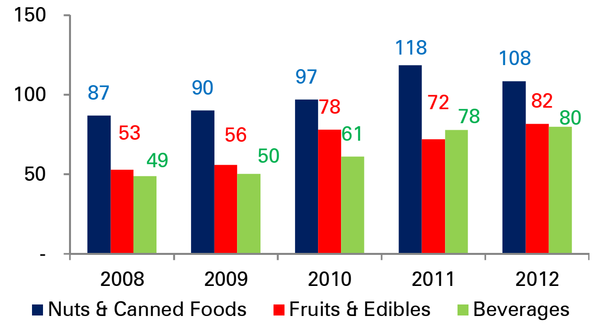
FOCUS IN BRIEF

The Food & Beverage Industry's Role in Lebanese Trade

F&B Imports & Exports ($M)



Leading F&B Exports ($M)



Source: Lebanese Customs

An accentuated focus on the service and real estate sectors in Lebanon has sidelined other industries such as the production and trade of food and beverages (F&B). H.E Mr. Hussein Hajj Hasan, Caretaker Minister of Agriculture, highlights this notion at the Regional Agri-Industries Forum (RAIF) that was held at Beirut in November 2011 by stating that "Lebanon imports 80-85% of its food needs."

During the last five years ending with 2012, the number of F&B imports has been growing at a CAGR of 7.53% in comparison to the 6.56% CAGR of F&B exports. Lebanese Customs data show that these imports stood at $3.3 billion in 2012 representing 16% of total imports, while their exports worth $614 million accounted for 14% of total exports. However, and for the first time during 2012 and within the five year horizon, the 6% rate of annual growth in F&B exports outpaced the 1% increase in F&B imports.

Having witnessed a recent reversal in trends, exploring the growth drivers behind F&B exports and identifying the respective markets they are sold at becomes essential.

The leading three F&B exporting industries in Lebanon are (1) preparations of vegetables, fruits, and nuts (2) edible fruit and nuts, Coffee, tea, spices, and (3) beverages, spirits and vinegar. During 2012, these categories combined amounted to $270 million or 44% of total F&B exports, with their individual shares representing 18%, 13%, and 13% of these exports respectively.

Nut exports account for close to 40% of the first category, while canned goods such as hummus, tahini and halawa capture 30%. At the same time, their combination represents the largest two segments of the agriculture production and manufacturing industry (Agri-food). While nut production is dependent on raw material imports, hummus and tahini are grown locally, making their export more profitable for Lebanese producers. The major export markets for these products are KSA (22%), Syria (14%), and the United States (9%). The key players within this production are of the likes of Castania, Al Rifai, Mounir Bissat, and Al Kanater.

The second category is dominated by fruit exports. Apples lead with a majority 26%, citrus trails with 22% (primarily oranges and mandarins) and banana exports follow shortly with a 21% share. The major importers of our national produce are Syria (22%), Egypt (18%), and KSA (17%). The ongoing political instability in Syria and Egypt has harmed local farmers, with total fruit exports to Syria alone dropping by 23% since 2010.

The beverage industry comes in third, led by the production of carbonated water drinks which make up 57% of total beverage exports. Wine followed with 18%, while beer and mineral water captured an 8% share each. The players which dominate this industry are kassatly Chtoura for the production of carbonated water drinks and Ksara for the production of wine. The largest three importing countries within this sector are Angola (19%) followed by Syria and Iraq, each coming in at 9%.

Amongst these largest three export categories, the beverage industry has experienced the highest growth with a 10% CAGR since 2008. The local beverage scene has attracted investments made by global beverage leaders such as the acquisition of Almaza by Heineken and Sohat by Nestle.

Having identified what the international community demands from Lebanese F&B production, we move onto what Lebanon lacks and compensates for in the form of F&B imports. The largest three imports within this industry are generally cereals, live animals, and dairy products. However, starting 2012, tobacco imports have managed to outnumber live animal imports in value and enter the ranks of the top three industries which combined represent 30% of total F&B imports.

In 2012, cereal imports accounted for 11% of total F&B imports. Wheat and meslin accounted for 43% of cereal imports, followed by maize 31%, and rice 11%. The main countries which export to Lebanon are Ukraine (36%), Russia (27%), and Romania (7%). Prior to 2012 the United States was amongst the top three exporters of cereals to Lebanon. However, following the severe drought which scaled down U.S. production, prices of American cereal exports became less competitive in global markets.

Despite the introduction of the smoking ban in 2012, tobacco imports jumped 25% to capture 10% of total F&B imports. In fact, tobacco imports have been growing at a CAGR of 16% since 2008, the fastest amongst the leading F&B imports. The major exporting countries of tobacco to Lebanon are Switzerland (35%), Germany (28%), and Turkey (14%).

Coming in third, dairy products accounted for 9% of total F&B imports during 2012. Cheese accounted for 51% of dairies, while milk and cream took 34%. The leading countries which export dairy products to Lebanon are Denmark (14%), Netherlands (14%), and Morocco (12%).

Given Lebanon's limited access to arable land and natural resources, local farmers and producers should concentrate on the production of high value-added Agri-food products. This transformation should be accompanied with accommodating public policies as well as industry accelerators. Currently, the Agri-food industry in Lebanon benefits solely from the mentoring of public organizations such as the Ministry of Agriculture, Ministry of Industry, the Syndicate of Agri-food Traders in Lebanon, as well the Lebanese Standards Institution (LIBNOR). The introduction of private consultants will help attract a greater amount of foreign investors and pave way for the penetration of global markets.

Research Department:

Riwa Daou riwa.daou@blominvestbank.com
Mirna Chami mirna.chami@blominvestbank.com
Youssef Chahine Youssef.chahine@blominvestbank.com
Marwan Mikhael marwan.mikhael@blominvestbank.com

BLOMINVEST BANK S.A.L

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