



“BTA-Fransabank Retail Index”
For the Fourth Quarter of 2024 (Q4-2024)

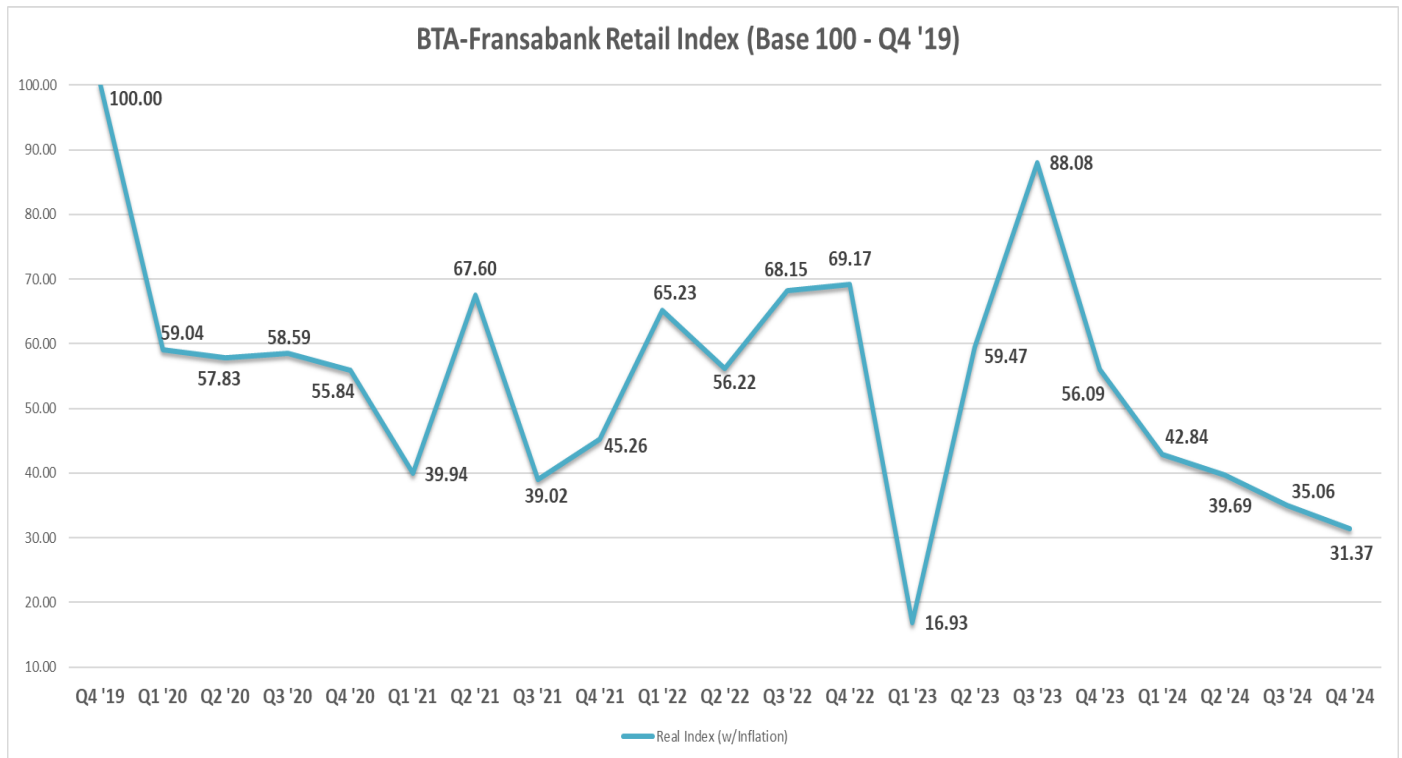
Slow Recovery of Market Activity
And Optimistic Outlook for the Upcoming Period

Kindly note that the “BTA-Fransabank Retail Index” for the Third Quarter of 2024 (Q3-2024) was not published due to the rapid deterioration of the situation in the country and the war that has ensued. The decision to adopting a wait and see attitude was taken, due to concerns for proper and rigorous monitoring of the impact on the Lebanese markets’ scene.

Albeit the above, due and thorough collection and follow-up of data were conducted, and the calculation of consolidated and sectoral results was carried on as per our ongoing methodology, to ensure avoiding any gap in our Index Time Series.

*Accordingly, the Retail Index for the 3rd quarter of 2024 posted a level of **35.06**, a level that indicated a sustained downward trend, as expected.*

As for the fourth quarter of 2024, *we hereby announce that the new “BTA-Fransabank Retail Index” is (with all sectors included): **31.37** (with our base index 100 fixed at the fourth quarter of 2019), with a quarterly inflation rate of + 6.86 % for the same quarter of 2024, as per the official CAS report.*





This additional drop occurred despite the ceasefire that entered into effect on the 27th of November, since a state of alert and cautious expectations continued to prevail, that resulted into further drop of turnovers in most – if not all, commercial markets, from their third quarter levels. This could be mainly attributed to a feeling of lack of confidence for the foreseeable future amongst consumers, entailing great caution in their spending priorities, that went in the first place towards basic necessities such as food, medicines and fuel.

Consequently, the figures that were reported for the fourth quarter indicated further drops in the levels of activity of most sectors, shedding light on a certain number of difficulties that accompanied this period, such as closures, difficulties in transport and supply of goods and merchandise, as well as difficulties for a large number of employees and workers to reach their place of work ... Obviously, the month of December was not sufficient to make up for the losses.

Furthermore, and because of the relatively low numbers of visitors who came back to Lebanon for year-end holidays, i.e. a period of 4 weeks only in the month of December (after the massive rush to leave the country that was witnessed during the summer season, prompted by fears of an eruption of war at any moment then - a fact that had obviously dramatic effects on the markets activity), the Retail Trade Index dropped from its 35.06 level for the third quarter of 2024 to the level of 31.37 during the fourth quarter of this year, hence registering a quarterly real decrease of – 18.83 % (with the exception of the Fuel sector, where an increase of + 14.63 % was posted in terms of quantities sold).

It is surprising to notice the low impact of visitors' spending in the local market during the period under study, despite the re-launch earlier this year of the "Global Blue" Tax Refund services at the airport on non-residents local purchases, and despite, as well, traders' attempt to re-activate the markets with the "Black Friday" deals during which very attractive discounts were offered in the various sectors.

As for developments on the financial scene, it is worth noting that BDL had announced a further increase in its Foreign Currency reserves that stood above the USD 10 billion level, and that "Fresh" dollars accounts in local banks had also witnessed an increase, while Lebanon is still graded on the Grey List. Moreover, the exchange rate of the Lebanese Pound remained stable at the level of ~ 89,500 L.L. to the US Dollar, with poor or no impact of the situation on the exchange markets.

By looking at the detailed results, it is noted that almost all sectors have reported a drop in their real turnovers, with a consolidated yearly variation of – 29.34 % as compared to real turnovers in the Q4 of 2023, and a quarterly real drop of – 18.83 % as compared to the results of the Q3 of 2024 (with the exception of the Fuel sector in both cases).

I. Main Indicators (for Q4 '24):

- Exchange Rate of the Lebanese Lira (89,500 LBP/US\$) 
- Yearly Inflation Rate +18.12 % (from + 32.92 % in the previous quarter) 
- Quarterly Inflation Rate + 6.86 % (from + 2.45 % in the previous quarter) 
- Consolidated Real Turnover (- 29.34 % yearly except Fuel) 
- Consolidated Real Turnover (- 18.83 % except Fuel) 

II. Most important yearly results:

- Retail Sales of Fuel - Quantities 
- Perfumes & Cosmetics (- 54.66 %) 
- Bakeries & Sweets Shops (- 48.96 %) 
- Medical Equipment (- 46.92 %) 
- Watches & Jewelry (- 33.89 %) 
- Pharmaceuticals (- 32.56 %) 
- Shoes & Leather Products (- 24.31 %) 
- Restaurants & Snacks (- 21.42 %) 
- Construction Equipment (- 18.71 %) 
- Supermarkets (-11.57 %) 
- Clothings (- 10.79 %) 

II. Most important quarterly results:

- Malls (+ 1.22 %) 
- Retail Sales of Fuel - Quantities (+ 14.63 %) 
- Supermarkets (+ 12.57 %) 
- Clothings (+ 4.41 %) 
- Bakeries & Sweets Shops (- 49.15 %) 
- Perfumes & Cosmetics (- 34.73 %) 
- Medical Equipment (- 26.21 %) 
- Liquors (- 20.06 %) 
- Tobacco (-19.35 %)
- Watches & Jewelry (- 14.99 %)
- Restaurants & Snacks (- 10.97 %)

As mentioned above, the yearly CPI has registered a further slowdown, falling to + 18.12 % between Q4 '23 and Q4 '24, from the previous + 32.92 % between Q3 '23 and Q3 '24.

At the same time, the quarterly CPI between Q3 '24 and Q4 '24 did register a sharp increase to + 6.86 % (from + 2.45 % in the previous quarter), due to the exceptional events that occurred in the country during this period.

| CPI (as per CAS official results) | |
|-----------------------------------|------------------|
| Q4 '19 / Q4 '18 | + 6.96 % |
| Q1 '20 / Q1 '19 | + 17.46 % |
| Q2 '20 / Q2 '19 | + 89.74 % |
| Q3 '20 / Q3 '19 | + 131.05 % |
| Q4 '20 / Q4 '19 | + 145.84 % |
| Q1 '21 / Q1 '20 | + 157.86 % |
| Q2 '21 / Q2 '20 | + 100.64 % |
| Q3 '21 / Q3 '20 | + 144.12 % |
| Q4 '21 / Q4 '20 | + 224.39 % |
| Q1 '22 / Q1 '21 | + 208.13 % |
| Q2 '22 / Q2 '21 | + 210.08 % |
| Q3 '22 / Q3 '21 | + 162.47 % |
| Q4 '22 / Q4 '21 | + 121.99 % |
| Q1 '23 / Q1 '22 | + 263.84 % |
| Q2 '23 / Q2 '22 | + 253.55 % |
| Q3 '23 / Q3 '22 | + 208.50 % |
| Q4 '23 / Q4 '22 | + 192.26 % |
| Q1 '24 / Q1 '23 | + 70.36 % |
| Q2 '24 / Q2 '23 | + 41.78 % |
| Q3 '24 / Q3 '23 | + 32.92 % |
| Q4 '24 / Q4 '23 | + 18.12 % |
| Q4 '19 / Q3 '19 | + 5.99 % |
| Q1 '20 / Q4 '19 | + 11.09 % |
| Q2 '20 / Q1 '20 | + 61.14 % |
| Q3 '20 / Q2 '20 | + 21.60 % |
| Q4 '20 / Q3 '20 | + 12.94 % |
| Q1 '21 / Q4 '20 | + 16.52 % |
| Q2 '21 / Q1 '21 | + 25.38 % |
| Q3 '21 / Q2 '21 | + 47.95 % |
| Q4 '21 / Q3 '21 | + 50.08 % |
| Q1 '22 / Q4 '21 | + 10.68 % |
| Q2 '22 / Q1 '22 | + 26.18 % |
| Q3 '22 / Q2 '22 | + 25.23 % |
| Q4 '22 / Q3 '22 | + 26.93 % |
| Q1 '23 / Q4 '22 | + 81.40 % |
| Q2 '23 / Q1 '23 | + 22.61 % |
| Q3 '23 / Q2 '23 | + 9.27 % |
| Q4 '23 / Q3 '23 | + 20.25 % |
| Q1 '24 / Q4 '23 | + 5.74 % |
| Q2 '24 / Q1 '24 | + 2.04 % |
| Q3 '24 / Q2 '24 | + 2.45 % |
| Q4 '24 / Q3 '24 | + 6.86 % |

The CPI Increases relative to every sector were, between the 4th quarter of 2023 and the 4th quarter of 2024, as follows:

| Inflation Rates per Sector as per CAS figures between the 4th Quarter of 2023 and the 4th Quarter of 2024 | |
|----------------------------------------------------------------------------------------------------------------------|--------|
| Education (+ 587.24 % in the previous quarter) | 31.27% |
| Health (previous + 17.91 %) | 22.93% |
| Supermarkets and Food Shops (previous + 19.68 %) | 22.16% |
| Liquor, Spirits and Tobacco (previous + 18.96 %) | 20.83% |
| Restaurants and Hotels (previous + 22.28 %) | 17.48% |
| Clothing and Footwear (previous + 24.47 %) | 16.82% |
| Recreation, Amusement, and Culture (previous + 31.11 %) | 9.70% |
| Transport (previous + 7.15 %) | 8.96% |
| Communication (previous + 28.40 %) | -2.99% |
| Furniture & Home Appliances and Equip. (previous + 0.13 %) | -1.99% |

The quarterly CPI increases relative to every sector were, between the 3rd quarter and the 4th quarter of 2024, as follows:

| Inflation Rates per Sector as per CAS figures between the 3rd and the 4th Quarter of 2024 | |
|------------------------------------------------------------------------------------------------------|--------|
| Education (+ 0.03 % in the previous quarter) | 30.06% |
| Clothing and Footwear (- 2.87 % in the previous quarter) | 12.60% |
| Supermarkets and Food Shops (+ 4.43 % in the previous quarter) | 10.97% |
| Recreation, Amusement, and Culture (- 0.64 % in the previous quarter) | 8.49% |
| Liquor, Spirits and Tobacco (+ 3.23 % in the previous quarter) | 6.31% |
| Restaurants and Hotels (+ 4.44 % in the previous quarter) | 2.84% |
| Health (+ 17.65 % in the previous quarter) | 2.79% |
| Furniture & Home Appliances & Equipment (+ 3.06 % in the previous quarter) | 2.61% |
| Transport (- 2.87 % in the previous quarter) | 1.94% |
| Communication (- 2.91 % in the previous quarter) | 0.04% |

BTA - FRANSABANK Retail Index For Q4 - 2024

(Base 100 : Q4 - 2019)

| | 2019 | 2020 | | | | 2021 | | | |
|---------------------------------|--------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Q4 '19 | Q1 '20 | Q2 '20 | Q3 '20 | Q4 '20 | Q1 '21 | Q2 '21 | Q3 '21 | Q4 '21 |
| Nominal Index - w/out inflation | 100.00 | 83.9 | 62.38 | 68.27 | 66.17 | 56.27 | 71.40 | 73.16 | 81.44 |
| Real Index - w/ inflation | 100.00 | 59.04 | 57.83 | 58.59 | 55.84 | 39.94 | 67.60 | 39.02 | 45.26 |
| CPI | 115.54 | 128.35 | 206.83 | 251.50 | 284.04 | 330.97 | 414.97 | 613.96 | 921.40 |
| | | 2022 | | | | 2023 | | | |
| | | Q1 '22 | Q2 '22 | Q3 '22 | Q4 '22 | Q1 '23 | Q2 '23 | Q3 '23 | Q4 '23 |
| Nominal Index - w/out inflation | | 77.12 | 76.64 | 83.58 | 88.96 | 90.00 | 83.16 | 89.85 | 71.75 |
| Real Index - w/ inflation | | 65.23 | 56.22 | 68.15 | 69.17 | 16.93 | 59.47 | 88.08 | 56.09 |
| CPI | | 1,019.81 | 1,286.76 | 1,611.43 | 2,045.46 | 3,710.53 | 4,549.38 | 4,971.28 | 5,978.13 |
| | | 2024 | | | | | | | |
| | | Q1 '24 | Q2 '24 | Q3 '24 | Q4 '24 | | | | |
| Nominal Index - w/out inflation | | 58.14 | 54.98 | 49.79 | 47.83 | | | | |
| Real Index - w/ inflation | | 42.84 | 39.69 | 35.06 | 31.37 | | | | |
| CPI | | 6,321.16 | 6,450.23 | 6,450.23 | 7,061.07 | | | | |

In conclusion, with the ceasefire that entered into effect, and with the major regional and international developments that have occurred, and are occurring, during this period, major changes on the internal political, economic as well as financial levels are expected to occur in the coming term, with drastic changes expected on the local scene, with a special focus on the reconstruction of houses and companies, and the prompt implementation of a complete program for the much needed reforms.





Introduction

The “BTA-Fransabank Retail Index” is the pioneer of indices that the private sector has started to produce (as it was launched in late 2011) with the main objective of addressing the long lasting non-availability of regular cyclical data and information relative to the activity of specific sectors of the Lebanese economy.

The main objective of the “BTA-Fransabank Retail Index” is to provide the trading community with a scientific tool that reflects the trend that is witnessed at the level of retail trade on a quarterly basis, bearing in mind that this index is calculated based on actual data collected from a representative sample of companies distributed into all retail goods and services trading sectors (45 sectors as per the Central Administration of Statistics nomenclature).

This index should be considered as a good reference, bearing in mind that:

- Companies were asked to provide their turnover on a yearly basis by brackets (in millions of USD). They also are asked to provide the quarterly percent change of their turnover for the quarter under review, compared to the same quarter of the previous year, and to the previous quarter of the same year.

Percent change of turnover of current quarter compared to same quarter last year ($Q1 - 2011$) =

$$\frac{\text{turnover of the current quarter} - \text{turnover of same quarter last year}}{\text{turnover of same quarter last year}}$$

Percent change of turnover of current quarter compared to previous quarter of the same year =

$$\frac{\text{turnover of the current quarter} - \text{turnover of previous quarter}}{\text{turnover of previous quarter}}$$

- ✓ It is important to note that since its launch the Base 100 for this Index was set at the last quarter of 2011, and quarterly variations were monitored from that base accordingly. **Nonetheless, and given the major transformations experienced by the Lebanese economy – especially since the fourth quarter of 2019, it has been decided to monitor the changes in turnover figures of retail trade sectors starting this new milestone date (i.e. the fourth quarter of 2019) for the calculation of this index, while preserving the same methodology and calculation techniques.**

Index Methodology

For each sampled establishment the percent change of the turnover is first assigned a weight based on its relative turnover compared to the turnover of the other establishments within the same activity sector (ISIC¹ 6 digits).

An aggregation is then done within each activity sector (ISIC 6 digits) to calculate a percent change of turnover for this specific activity sector.

We then obtain as many indices as the number of activity sectors (ISIC 6 digits) taken into account.

On a second stage, ISIC level indices are then aggregated using weights based on the cumulated VAT turnover for each activity sector as provided by the Ministry of Finance.

This aggregation provided the final “Beirut Traders Association – Fransabank Retail index” of the commercial activity for the quarter under review.

¹ ISIC- International Standard Industrial Classification