# "BTA-Fransabank Retail Index"
# For the Third Quarter of 2026 (Q3-2026)

## *Economic indicators were not all negative during this quarter;*

## *However, it appears that the recovery path has been reversed.*

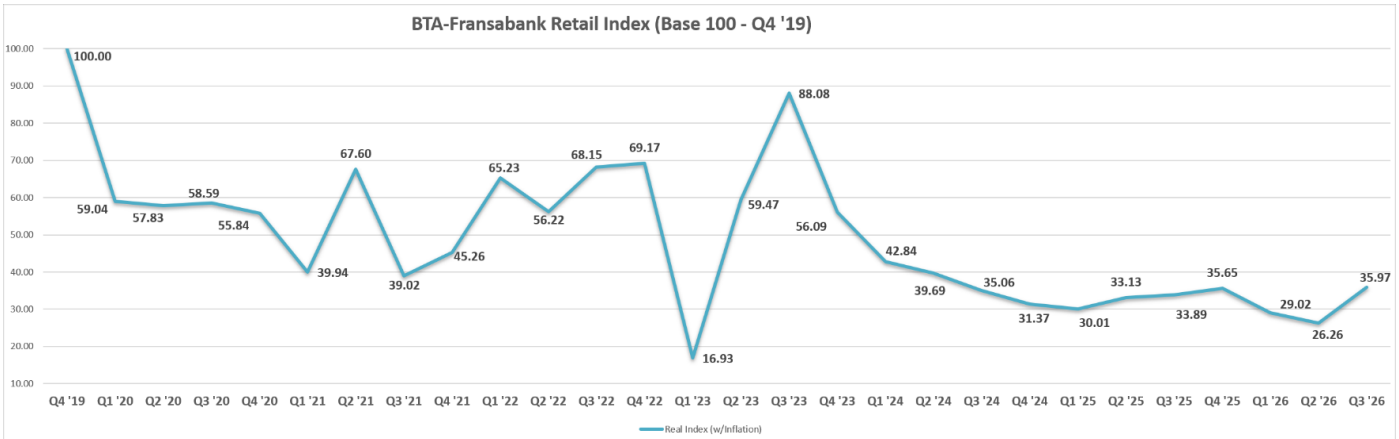
The most significant macroeconomic development during the third quarter of this year was the reversal of the recovery momentum that Lebanon had begun to experience prior to the war. This shift appears to be so clear that, in late August, the World Bank projected a 6.4% contraction in the Lebanese economy for 2026 – in contrast with earlier estimates that had pointed toward a relative recovery.

The World Bank attributed this to the resurgence of the conflict in March 2026, which resulted in damage to housing and infrastructure, in displacement of large numbers of inhabitants of targeted regions, in addition to disruptions to supply chains. Add to the above a resulting decline in consumption, tourism, and investment. Furthermore, the World Bank warned of mounting needs for relief and reconstruction, which will, in turn, place additional pressure on public finances.

**In terms of figures, several indicators did clearly post positive levels during this quarter. Yet, the outlook remained unstable.**

**Accordingly, the "Beirut Traders Association – Fransabank Retail Index" for the third quarter of 2026 rose to 35.97 (compared to 26.26 in the previous quarter), nearly returning to the level recorded in the fourth quarter of 2025. It should be noted that the index uses the fourth quarter of 2019 as its base (set at 100).**

**Furthermore, according to the Central Administration of Statistics, the CPI remained virtually stable during the third quarter of 2026 at +2.74% (compared to +2.76% in the preceding quarter).**



This graph clearly indicates that the third quarter of 2026 witnessed a notable improvement in the Lebanese commercial sector - though performance varied from sector to sector, with some sectors experiencing a decline. This comes following the sharp collapse witnessed in the preceding quarter, and against the backdrop of a substantial trade deficit.

At the macroeconomic level, this improvement - alongside the limited progress made on reforms during the third quarter of 2026, was offset by a deterioration in the economic outlook and by a rising cost of living.

The most significant developments manifested in three concurrent trends:

- Economically: The renewed conflict has undermined the anticipated recovery - which was expected to be more robust, and has heightened the risks of economic contraction, unemployment, and a decline in investment.
- Financially: The Lebanese Lira has remained relatively stable; however, the crisis surrounding bank deposits and public debt remained unresolved. Meanwhile, pressure on foreign reserves and public finances has intensified: for instance, liquid foreign reserves held by the Banque du Liban stood at approximately $11.4 billion at the end of September - a decrease of nearly $500 million since the end of 2025. At the same time, fresh deposits funds have exceeded $5.6 billion, and the price of gold has risen from approximately $4,000 to $4,200 per ounce, bringing the value of gold reserves to nearly $40 billion.
- On the reform front, the process of restructuring the banking sector and negotiations with the International Monetary Fund has moved – a bit, forward. Meanwhile, addressing the draft law on the financial gap and the allocation of losses - among the State, the Central Bank of Lebanon (Banque du Liban), Commercial banks, and Depositors, continued to face obstacles, requiring political and legislative consensus to safeguard the rights of depositors.
- Finally, the restoration of confidence and the securing of external funding remained contingent upon the finalization and implementation of the necessary legislation.

Therefore, the most important assessment for this period is that, despite improving outcomes, stability has not translated into a sustainable economic recovery, as the future of the economy remains tied to security developments, the potential for reconstruction, and the state's ability to implement credible banking and financial reforms.

At the same time, and as the IMF welcomed the budgeting project aimed at reaching a balanced fiscal position, the demand for improved tax collection and greater accuracy in recording externally funded expenditure persisted.

In this context, the government also discussed the possibility of increasing VAT from 11% to 12% to fund public sector pay increases and pensions, at a time when spending pressures have worsened as public finances have faced increasing pressures to increase social spending, and supporting IDPs, and covering the cost of reconstruction resulting from the renewal of the conflict.

As mentioned earlier, the "BTA-Fransabank Retail Trade Index" reached the level of 35.97 in the third quarter of 2026 (26.26 in the previous quarter) with a remarkable quarterly real increase in the index, including fuel sales, which witnessed a + 49.98 % in terms of volumes (- 20.65 % in the previous quarter).

After the exclusion of the fuel sector, the real quarterly growth reached + 24.67% compared to the previous quarter, but the annual results showed a decrease compared to the third quarter of last year, where the consolidated real results posted an annual decline of - 13.17 %, after the exclusion of the fuel sector.

## Main Indicators (for Q3 '26)

| Item | Q3 '26 | Q2 '26 |
|---|---|---|
| Exchange rate of the Lebanese Lira | LBP 89,500 / USD | LBP 89,500 / USD |
| Annual Inflation | + 17.53 % | + 17.25% |
| Quarterly Inflation | + 2.74 % | + 2.76% |
| Consolidated Real Turnover: annually excl. fuel | -13.17% | -20.15% |
| Consolidated Real Turnover: quarterly excl. fuel | + 24.67% | -10.66% |

| Key Annual Results in Real Turnover | Q3 '26 | Q3 '25 |
|---|---|---|
| Pharmaceuticals | 18.10% | -2.94% |
| Retail Sales of Fuel - Quantities | 9.23% | 6.24% |
| Tobacco | 5.06% | 18.16% |
| Clothings | 4.85% | -18.21% |
| Electronics, Electrical Equipment & Appliances | 0.80% | -7.36% |
| Supermarkets | -0.58% | -0.22% |
| Optical Instruments | -0.97% | 4.79% |
| Restaurants & Snacks | -6.53% | 6.02% |
| Liquors & Spirits | -10.31% | 18.00% |
| Shoes & Leather Products | -10.50% | 35.87% |
| Furniture | -10.58% | 9.41% |
| Perfumes & Cosmetics | -13.80% | 5.05% |
| Construction Equipment | -14.25% | -47.10% |
| Watches & Jewelry | -20.95% | 0.05% |
| Sportswear - Sports Foot wear | -26.69% | -37.71% |
| Cellular Phones | -30.53% | 16.51%- |
| Bakeries & Sweets Shops | -34.01% | -8.33% |
| Medical Equipment | -36.88% | 20.61% |

It is clear that there are some specific sectors that have seen improvement compared to the same quarter last year, especially Pharmaceuticals and Fuel, unlike many other sectors, most important of which were the Medical Equipment sector and the Cellular Phones sector, but also the Bakeries and Sweets sectors.

| Key Quarterly Results in Real Turnover | Q3 '26 | Q2 '26 |
|---|---|---|
| Liquors & Spirits | 68.09% | -8.82% |
| Bakeries & Sweets Shops | 63.90% | -17.27% |
| Tobacco | 61.18% | 2.06%+ |
| Clothings | 56.03% | -20.97% |
| Retail Sales of Fuel - Quantities | 49.98% | -20.65% |
| Watches & Jewelry | 47.75% | -19.98% |
| Perfumes & Cosmetics | 41.12% | -36.48% |
| Electronics, Electrical Equipment & Appliances | 26.21% | +12.07% |
| Restaurants & Snacks | 21.15% | +3.43% |
| Shoes & Leather Products | 19.05% | +2.65% |
| Sportswear - Sports Foot wear | 12.24% | -56.90% |
| Cellular Phones | 9.05% | -15.46% |
| Supermarkets | 3.94% | +2.59% |
| Furniture | -3.61% | +2.13% |
| Medical Equipment | -4.72% | +7.17% |
| Optical Instruments | -4.94% | +13.41% |
| Pharmaceuticals | -15.80% | -4.69% |
| Construction Equipment | -33.68% | -9.75% |

These quarterly results indicate that the Bakeries and Sweets sector, along with the Clothing sector, and the Household Appliances sector – although to a lesser extent for the latter, have all experienced a tangible improvement in activity. Such increases in results were to be expected after the period of war and displacement that preceded it.

This is of course in addition to the rise in Fuel Quantities, as well as in the Watch and Jewelry sector, which seems to constitute a safe haven in times of security risks, on the one hand, and tempting buying opportunities for expatriates, on the other.

As for inflation, the annual rate in the third quarter of this year recorded a level of + 17.53%, thus posting only a slight increase from what it had reached in the previous quarter, i.e. at + 17.25%.

The quarterly inflation rate (between the second quarter and the third quarter of 2026) has also registered some stability, reaching +2.74% compared to +2.76% in the previous quarter.

| 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 % |
| Q1 ’25 / Q1 ‘24 | + 20.74 % |
| Q2 ’25 / Q2 ‘24 | + 15.00 % |
| Q3 ’25 / Q3 ‘24 | + 15.06 % |
| Q4 ’25 / Q4 ‘24 | + 12.23 % |
| **Q1 ’26 / Q1 ‘25** | **+ 17.26 %** |
| **Q2 ’26 / Q2 ‘25** | **+ 17.25 %** |
| **Q3 ’26 / Q3 ‘25** | **+ 17.53 %** |
| 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 % |
| Q1 ’25 / Q4 ‘24 | + 14.19 % |
| Q2 ’25 / Q1 ‘25 | + 2.76 % |
| Q3 ’25 / Q2 ‘25 | + 2.50 % |
| Q4 ’25 / Q3 ‘25 | + 4.23 % |
| **Q1 ’26 / Q4 ‘25** | **+ 6.81 %** |
| **Q2 ’26 / Q1 ‘26** | **+ 2.76 %** |
| **Q3 ’26 / Q2‘26** | **+ 2.74 %** |

**Annual inflation in each sector was as follows:**

| **Inflation Rates per Sector as per CAS figures between the 3rd Quarter of 2025 and the3rd Quarter of 2026** | |
|---|---|
| Recreation, Amusement, and Culture (previous + 42.64 %) | 43.61% |
| Education (+ 35.72 % in the previous quarter) | 35.74% |
| Transport (previous + 29.36 %) | 35.23% |
| Restaurants and Hotels (previous + 16.32 %) | 15.48% |
| Supermarkets and Food Shops (previous + 18.01 %) | 10.04% |
| Furniture & Home Appliances and Equip. (previous + 7.09 %) | 9.73% |
| Health (previous + 2.82 %) | 7.29% |
| Liquor, Spirits and Tobacco (previous +8.37 %) | 7.09% |
| Clothing and Footwear (previous + 6.61 %) | 3.06% |
| Communication (previous - 0.59 %) | -0.65% |

As in the previous quarter, some sectors witnessed inflation figures that were still high, as detailed in the table above, such as in the Recreation and Culture sector, in addition to the Education and Transport sectors, but also - albeit to a lesser extent, in Supermarkets / Food Shops, and Restaurants / Hotels sectors.

On the other hand, the quarterly inflation rate (between the second and third quarters of 2026) has registered, in each sector separately, the following levels:

| Inflation Rates per Sector as per CAS figures between the 2nd Quarter and the 3rd Quarter of 2026 | |
|---|---|
| Health (+ 0.97 % in the previous quarter) | 5.86% |
| Transport (+ 8.38 % in the previous quarter) | 5.39% |
| Furniture & Home Appliances & Equipment (+ 4.93 % in the previous quarter) | 2.92% |
| Restaurants and Hotels (+ 6.71 % in the previous quarter) | 2.21% |
| Recreation, Amusement, and Culture (- 0.23 % in the previous quarter) | 0.61% |
| Education (+ 0.25 % in the previous quarter) | 0.02% |
| Liquor, Spirits and Tobacco (+ 0.91 % in the previous quarter) | -0.04% |
| Supermarkets and Food Shops (- 2.00 % in the previous quarter) | -0.13% |
| Communication (+ 0.54 % in the previous quarter) | -0.14% |
| Clothing and Footwear (+ 8.34 % in the previous quarter) | -4.98% |

**BTA - FRANSABANK Retail Index For Q3- 2026**
(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 | | | | 2025 | | | |
| | | Q1 '24 | Q2 '24 | Q3 '24 | Q4 '24 | Q1 '25 | Q2 '25 | Q3 '25 | Q4 '25 |
| Nominal Index - w/out inflation | | 58.14 | 54.98 | 49.79 | 47.83 | 53.33 | 60.54 | 63.52 | 66.50 |
| Real Index - w/ inflation | | 42.84 | 39.69 | 35.06 | 31.37 | 30.01 | 33.13 | 33.89 | 35.65 |
| CPI | | 6,321.16 | 6,450.23 | 6,450.23 | 7,061.07 | 7,218.28 | 7,417.78 | 7,603.00 | 7,924.35 |
| | | 2026 | | | | | | | |
| | | Q1 '26 | Q2 '26 | Q3 '26 | | | | | |
| Nominal Index - w/out inflation | | 58.09 | 54.06 | 76.13 | | | | | |
| Real Index - w/ inflation | | 29.02 | 26.26 | 35.97 | | | | | |
| CPI | | 8,464.31 | 8,697.61 | 8,935.73 | | | | | |

**In conclusion, we can only hope that a more secure atmosphere will prevail in the country, and that the movement of visiting expatriates in particular and other visitors from abroad in general will continue, as those do have a very positive impact on the momentum of local markets.**

**The traders community also hopes that fuel prices will continue to decline, on the one hand, and that negotiations and agreements will be accelerated internally and with the international authorities concerned, on issues such as the banking reform and the fiscal**

**gap law and its reflections on resolving the ongoing crisis, on the purchase power of Lebanese households, and by extension on the state of mind and behavior of consumers, which would inevitably improve activity levels in commercial markets.**






**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 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) =

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

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

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

✓ 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 (ISIC[1] 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