FRANSABANK

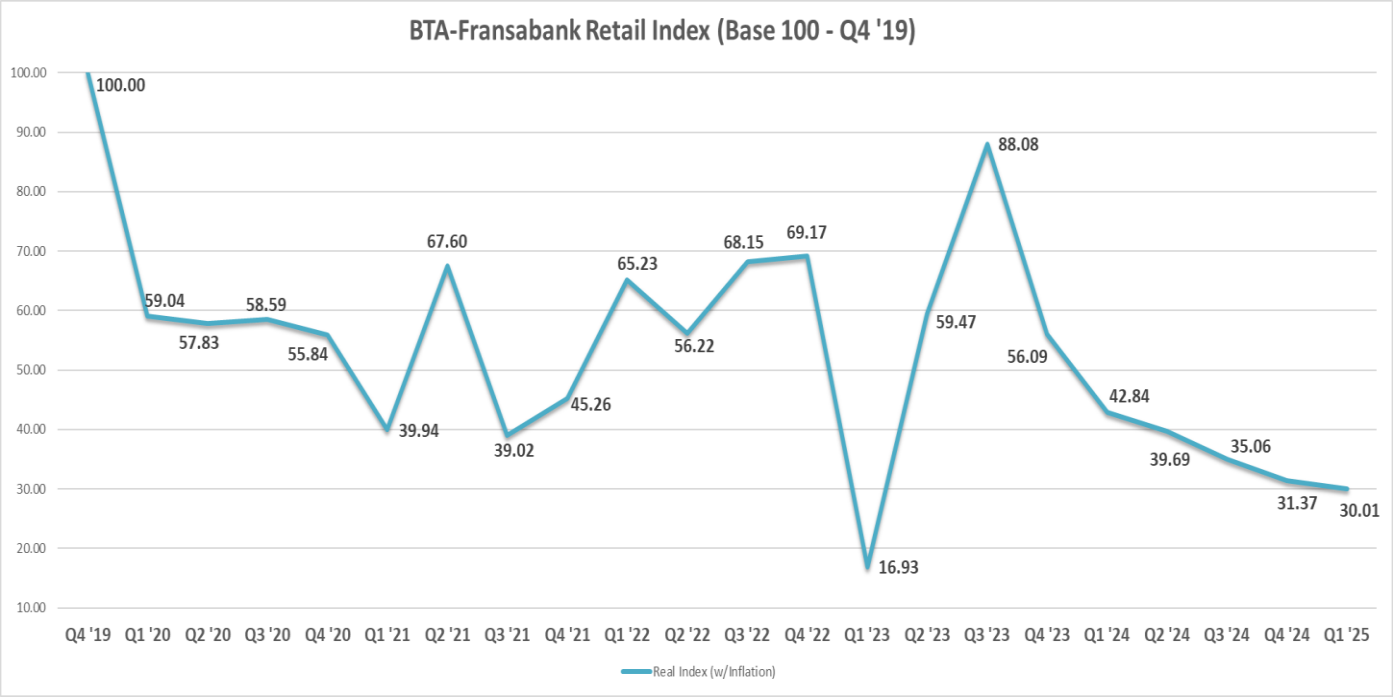
ASSOCIATION DES COMMERCANTS DE BEYROUTH
جمعية تجار بيروت
BEIRUT TRADERS ASSOCIATION

"BTA-Fransabank Retail Index"
For the First Quarter of 2025 (Q1-2025)

The start of the new year was marked by cautious optimism .. however, activity in the markets remained quite slow

The beginning of 2025 witnessed a slow pick up in markets' activity, following the rapid positive developments that occurred, starting with the election of the President of the Republic, closely followed by the formation of a new government comprising highly qualified and competent figures. This was obviously accompanied by optimism about recovery programs and reforms that would pave the way for a new chapter in Lebanon, and helped spread positive and optimistic feelings about the expected achievements of the "Reform and Salvation" government, that would finally kickstart the long-awaited recovery, with monetary, financial, economic, corporate and social plans and programs, hence opening the door to renewed negotiations with the IMF and the World Bank, but also to recovering the natural bonds with Gulf and donor and lending countries. This should eventually lead to regaining trust and confidence in the country and luring again Lebanese and foreign investments. Yet, it seems that all the above was not sufficient – to date, to prompt consumers start changing their attitude and spending patterns in the various markets.

***As a result, we hereby announce that the new "BTA-Fransabank Retail Index" is (with all sectors included):* 30.01 for the 1st quarter 2025 *(as compared to 31.37 in the previous quarter), with our base* index 100 fixed at the fourth quarter of 2019).**
And with a quarterly inflation rate of +14.19 % (against 6.86 % in the previous quarter), as per the official CAS report.



The continued decline in the index (even if limited), despite the positive developments and the return of expatriates during the Eid al-Fitr holiday, indicates that consumer activity remains primarily dependent on the political, financial, and monetary conditions in the country. As such, it is still subject to a degree of uncertainty regarding short-term developments.

As a result, everyone — especially local consumers — remained in a state of anticipation, albeit a cautiously optimistic one, due to the delay in achieving significant positive steps on the financial front, with the exception of the Central Bank of Lebanon increasing the value of monthly withdrawals under circulars 158 and 166. This comes at a time when the 2025 budget was approved as it had been originally proposed before the recent war. However, all this occurred amid the continued Israeli presence in some southern areas and the daily violations to the ceasefire, as well as the undeniable need for a massive reconstruction effort — in both infrastructure and the economy — and the ongoing fragility of the situation. This will remain the case until official institutions begin the reforms required by the international community in order to proceed with support and assistance for Lebanon. Therefore, it is clear that we cannot expect the markets to regain any reasonable level of activity until there is greater clarity about the direction ahead.

During this period, the Central Bank was able to improve the level of its foreign currency reserves during this quarter, reaching approximately $11 billion. Meanwhile, the value of Lebanon's gold reserves surged to about $30 billion due to the rise in global market prices. It is worth noting that the appointment of a new governor for the

Central Bank at the end of the first quarter also had a positive impact, and it is expected to have a further effect in the coming phase, although likely limited in the initial period of the new governorship.

However, as we await a clearer vision for the path ahead, Lebanon remains on the grey list, with all the repercussions this brings for citizens' financial dealings, particularly for traders both locally and internationally. Dollarization has become a de facto reality, except in official transactions. As a result, companies remain in a state of confusion regarding how to proceed with inventory assessment, with fixed assets evaluation, and on how to account for exchange rate differences in their records.

Accordingly, it is observed that the index dropped from 31.37 in the fourth quarter of 2024 to 30.01 in the first quarter of this year, with a real quarterly decrease in the combined result of the retail trade sectors of - 14.92%, excluding fuel (in terms of quantities sold), which saw an increase of + 29.24% The continued decline in the index (even if limited), despite the positive developments and the return of expatriates during the Eid al-Fitr holiday, indicates that consumer activity remains primarily dependent on the political, financial, and monetary conditions in the country. As such, it is still subject to a degree of uncertainty regarding short-term developments.

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By looking at the detailed results, it is noted that business figures across all sectors showed a still-noticeable decline in the majority of them. The combined result for the retail trade sectors revealed a real annual decline of - 10.77% compared to the first quarter of last year, and a real quarterly decline of - 14.92% compared to the figures from the fourth quarter of 2024, as mentioned above (excluding the fuel sector in both cases).

I. Main Indicators (for Q1 '25):

- **Exchange Rate of the Lebanese Lira (89,500 LBP/US$)**
- **Yearly Inflation Rate + 20.74 % (from + 18.12 % in the previous quarter)**
- **Quarterly Inflation Rate + 14.19 % (from + 6.86 % in the previous quarter)**
- **Consolidated Real Turnover – 10.77 % (from - 29.34 % in the previous quarter)**
- **Consolidated Real Turnover – 14.92 % except Fuel (from - 18.83 % in the previous quarter)**

II. Most important yearly results:

- **Electronics, Electrical Equipment & Appliances (+ 46.84 %)**
- **Retail Sales of Fuel - Quantities (+ 41.69 %)**
- **Clothings (+ 9.13 %)**
- **Furniture (+ 9.09 %)**
- **Malls (+ 5.14 %)**
- **Construction Equipment (- 63.16 %)**
- **Watches & Jewelry (- 51.29 %)**
- **Perfumes & Cosmetics (- 47.82 %)**

- Cellular Phones (- 39.19 %)
- Restaurants & Snacks (- 31.99 %)
- Shoes & Leather Products (- 27.91 %)
- Liquors & Spirits (- 19.33 %)
- Optical Instruments (- 18.25 %)
- Supermarkets (- 17.19 %)
- Sportswear - Sports Foot wear (- 11.00 %)
- Tobacco (- 8.90 %)
- Medical Equipment (- 8.76 %)
- Bakeries & Sweets Shops (- 7.55 %)
- Pharmaceuticals (- 3.77 %)

II. Most important quarterly results:

- Cellular Phones (+ 33.19 %)
- Retail Sales of Fuel - Quantities (+ 29.24 %)
- Perfumes & Cosmetics (+ 21.35 %)
- Liquors & Spirits (+ 21.35 %)
- Sportswear - Sports Foot wear (+ 21.32 %)
- Tobacco (+ 20.29 %)
- Pharmaceuticals (+ 18.45 %)
- Optical Instruments (+ 13.64 %)
- Furniture (+ 9.08 %)
- Restaurants & Snacks (- 32.38 %)
- Supermarkets (- 31.83 %)
- Malls (- 31.67 %)
- Construction Equipment (- 25.16 %)
- Bakeries & Sweets Shops (- 21.74 %)
- Clothings (- 18.19 %)
- Medical Equipment (- 15.69 %)
- Shoes & Leather Products (- 15.11 %)
- Watches & Jewelry (- 5.57 %)
- Electronics, Electrical Equipment & Appliances (- 3.56 %)

As mentioned above, the yearly CPI has registered an increase, as it rose from + 18.12 % in the previous quarter to + 20.74 % between Q1 ’24 and Q1 ’25.

At the same time, the quarterly CPI between Q4 ’24 and Q1 ’25 did also register a sharp increase to + 14.19 % (from + 6.86 % 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 %**
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 %**

The yearly CPI increases relative to every sector were, between the 1st quarter of 2024 and the 1st quarter of 2025, as follows:

Inflation Rates per Sector as per CAS figures between the 1st Quarter of 2024 and the 1st Quarter of 2025	
Education (+ 31.27 % in the previous quarter)	31.51%
Health (previous + 22.93 %)	23.34%
Supermarkets and Food Shops (previous + 22.16 %)	28.41%
Liquor, Spirits and Tobacco (previous + 20.83 %)	23.33%
Restaurants and Hotels (previous + 17.48 %)	20.26%
Clothing and Footwear (previous + 16.82 %)	12.62%
Recreation, Amusement, and Culture (previous + 9.70 %)	11.00%
Transport (previous + 8.96 %)	7.26%
Communication (previous - 2.99 %)	-2.90%
Furniture & Home Appliances and Equip. (previous - 1.99 %)	-6.53%

The quarterly CPI increases relative to every sector were, between the 4th quarter of 2024 and the 1st quarter of 2025, as follows:

Inflation Rates per Sector as per CAS figures between the 4th Quarter of 2024 and the 1st Quarter of 2025	
Education (+ 30.06 % in the previous quarter)	30.74%
Clothing and Footwear (+ 12.60 % in the previous quarter)	11.03%
Supermarkets and Food Shops (+ 10.97 % in the previous quarter)	21.37%
Recreation, Amusement, and Culture (+ 8.49 % in the previous quarter)	4.54%
Liquor, Spirits and Tobacco (+ 6.31 % in the previous quarter)	14.14%
Restaurants and Hotels (+ 2.84 % in the previous quarter)	17.27%
Health (+ 2.79 % in the previous quarter)	22.07%
Furniture & Home Appliances & Equipment (+ 2.61 % in the previous quarter)	-8.37%
Transport (+ 1.94 % in the previous quarter)	2.46%
Communication (+ 0.04 % in the previous quarter)	-2.71%

BTA - FRANSABANK Retail Index For Q1 - 2025 (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	Q1 '25	Q2 '25	Q3 '25	Q4 '25
Nominal Index - w/out inflation		58.14	54.98	49.79	47.83	53.33			
Real Index - w/ inflation		42.84	39.69	35.06	31.37	30.01			
CPI		6,321.16	6,450.23	6,450.23	7,061.07	7,218.28			

In conclusion, we can only await the developments that will take place during the second quarter of this year, both on the Lebanese scene and the international stage. It is expected that the political and security dynamics in the country will begin to take shape, and that the repercussions of the new U.S. trade policies — both direct and indirect — on Lebanon will start to emerge.

However, as always, the Lebanese traders do remain optimistic about the future and are fully prepared to adapt to changes, hoping that the government will stand by their side and give them the opportunity to catch their breath.

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 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