

Press Release

“BTA-Fransabank Retail Index”

For the fourth quarter of 2013 (Q4-2013)

Beirut, February 20, 2014

35.50% decrease in retail trade activity over the last two years

A state of continuous slowdown continued to prevail in the Lebanese trade markets, as all undermining factors not only persisted but even deteriorated further and continued to affect quite severely the level of activity in these markets for more than 18 months now.

With the absence of any noticeable change in the prevailing political and security atmosphere, notwithstanding the deterioration of the internal security situation and the total paralysis at the political and institutional levels, the level of activity in the commercial markets has continued to recede in spite of the end of year festive season: Lebanese traders were building high expectations on what this season would carry in terms of a relative revival of sales and a partial relief of their long lasting deteriorating situation, and more so following the good sales momentum that started to build up in early December, with sales figures catching up with the figures achieved in December 2012. However, the bombing that targeted late minister Mohamed Chatah broke this momentum dramatically, and the retail trade sector experienced a renewed down trend that led to the negative overall statistics posted for the last quarter of 2013.

It is important to note that such real negative figures would have been even worse if the inflation figures between the 4th quarter of 2012 and the 4th quarter of 2013 had been higher than the actual 1.12% announced by the Central Administration of Statistics.

The results of the Q4 activity levels do confirm, once again, that the aggregate decrease of activity that has been prevailing for a long while has lead the economy to a near deflationary status today, and calls for an urgent appreciation and resolve of this critical situation.

Firstly, the compiled data pertaining to the activity of retail trade sectors during the fourth quarter of 2013 as compared to the fourth quarter of 2012 reveal that such activity has witnessed a sharp decline of 13.415%; it is worth noting that the level of activity during the fourth quarter of 2012 registered a decrease of 12.3% as compared to the same quarter of 2011.



Yearly Variation between Q4 – 2012 and Q4 - 2013			
	Q4 - 2012	Q4 - 2013	
Nominal Year to Year Variation	100.00	87.565	
CAS Official Inflation Rate between Q4 '12 and Q4 '13 (as per the official CAS figures)		1.12%	
Real Year to Year Variation	100.00	86.585	- 13.415%

The main factors that have contributed to further deterioration of consumption are:

- The assassinations and the recurring bombings in all Lebanese regions and the cascade of rumors and news about numbers of booby trapped cars circulating in various Lebanese regions.
- It is also worth mentioning that the above mentioned tensions occurred while the country was still witnessing a failure to form a government despite all efforts and pressures exerted locally and regionally.
- Obviously, such prevailing situation resulted into:
 - A persisting absence of Gulf visitors whose purchases are estimated to account for 45% of the total retail trade activity that is subject to the VAT.
 - A decline in the number of visiting Lebanese emigrants who chose alternative destinations for their holidays, or whose visits were very brief to the country in the festive season.
 - A continued paralysis of land transportation and of the touristic and commercial activities that are generated by neighboring Arab countries visitors, such as from Jordan and Iraq.
 - An increase in unemployment to worrying levels, accompanied by further decline of the Lebanese households' purchase power resulting from a deterioration in households' income, in the wake of increased competition for jobs created by the influx of the displaced workforce to Lebanon and the lessening of work regulations for them.

A closer analysis of each retail trade sector reveals that, while some sectors succeeded in maintaining the same level of activity that in Q4 of the year 2012, others have experienced sharp declines, as per the following:

- A decrease of 7.90% in terms of sales volume for liquid fuels (despite the high numbers of Syrian vehicles currently circulating on the roads in Lebanon).

- A decrease of 25% in the sales of pharmaceutical products, especially in the pharmaceutical sector.
- A real decrease of 8.30% in the sales of bakeries, pastry, chocolate, sweets, jams and kernels, and a real decrease of 5.75% in the sales of supermarkets and food stores (despite the fact that prices in this sector have posted an increase of 2.90% as per the Central Administration of Statistics latest CPI figures release). The snacks and restaurants activity level has also dropped by 16%.
- A sharp decrease of 7.75% was witnessed in the toys sector (a sector that usually reaches the highest levels of sales activity during Christmas and end of year season).
- A decrease of 5% in the bookstores and stationary sector.
- A nominal decrease of 25.75% in the sales of construction materials.
- and finally
- A decrease of 15% in the sales of electronics, electrical equipment and home appliances.

On the other hand, it was noticed that sales in the cosmetics and perfume sector, as well as the clothing sector, have maintained an almost equal level of activity than in Q4 of 2012, because of the very high discounts that these sectors have been obliged to offer, while the shoes sector has been witnessing an approximate drop in sales of 20%.

Finally, and despite the fact that the fourth quarter of the year is traditionally a period of exchanging gifts and celebrations, it was also noticed that the sales of liquor and spirits decreased by 7.50% and the sales of tobacco by 1.25%.

On the other hand, a comparison between the levels of activity of Q3 and Q4 of 2013 shows that, despite the important seasonal factors and pressure for consumption that push usually for higher consumption levels during the last quarter of the year, the aggregate level of the activity of the retail trade sector has witnessed a decrease of 2.50% in Q4 of 2013 as compared to Q4 of 2012.

As a result, with the base index 100 fixed for the fourth quarter of 2011, and with a quarterly inflation rate of 2.05% in the fourth quarter of 2013 as per the official CAS figures,

We hereby announce that the “BTA-Fransabank Retail Index” is:

64.52 for the fourth quarter of the year 2013.

BTA-Fransabank Retail Trade Index for Q4 of 2013 (Base 100 : Q4 2011)									
	2011	2012				2013			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Nominal Index - w/out inflation	100.00	95.77	100.55	108.54	112.66	90.83	87.85	78.60	65.87
Real Index - w/ inflation	100.00	94.24	101.65	99.97	102.88	89.66	86.88	78.23	64.52

In other words, it is evident that the retail trade activity continued to experience the persisting recessionary pressures during the year 2013 as compared to the previous year, which lead to a very dangerous accumulated decline during the last two years of 35.5%.

In other words, and because of the importance of the weight of the commercial sector on the GDP, it is essential to undertake drastic corrective measures to revitalize the markets and help spark a much needed re-awakening of this sector, and through this an imperative rescuing of the Lebanese economy as a whole.

جمعية تجار بيروت
فرانسابانك
مؤشر تجارة التجزئة

64.52



BEIRUT TRADERS ASSOCIATION
FRANSABANK
RETAIL INDEX

64.52



End of Press Release

For more information

Beirut Traders Association
Tel: 01-747886
Fax: 01-747887
E-mail: contact@beiruttraders.org
Website: www.beiruttraders.org

Fransabank
Marketing & Corporate Communications Division
Tel: 01-340180 extension 1876 or 1817
Fax: 01-344251
E-mail: fransabanknews@fransabank.com
Website : www.fransabank.com