

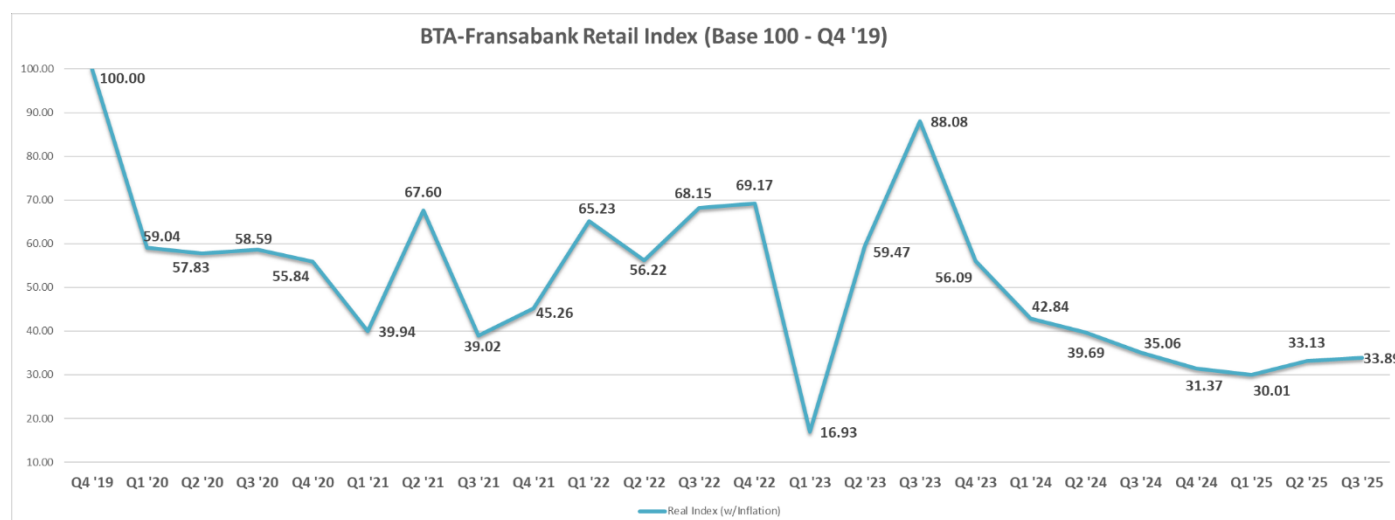
“BTA-Fransabank Retail Index” For the Third Quarter of 2025 (Q3-2025)

***Market recovery continues .. at a slow pace though ...
Concurrently, did investors' confidence re-emerge ?***

During the third quarter of 2025, some signs emerged indicating a slight recovery—driven by a “fair” but less-than-expected summer season with the arrival of expatriates, but also by reform attempts on several fronts, accompanied by positive signals from various international agencies suggesting that real GDP could grow by around 5% (after continuous decline throughout previous years).

In this context, commercial activity showed a continuation of the “relative” improvement observed in the previous quarter, with encouraging quarterly results coming in, and hopes for greater momentum in consumer activity.

In figures, the “Beirut Traders Association – Fransabank Retail Trade Index” for the third quarter of 2025 recorded a level of 33.89 (compared to 33.13 in the previous quarter), noting that the base index (100) adopted corresponds to the fourth quarter of 2019, and also noting that inflation during the third quarter of 2025, according to the Central Administration of Statistics, reached +2.50% (compared to +2.76% in the preceding quarter).



Hence, and assuming sustained reform efforts and progress, as well as improvement in tourism and consumption drivers (purchase power, ..) - especially during the upcoming holiday season, and the return of capital inflows - even if such inflows remain limited (with positive signals detected during the “Beirut One Conference” held on November 18 and 19 of this year), it appears that investor sentiment is bound to improve. One of such signals, for example, comes

from Lebanese Eurobonds that witnessed lately an increase in price (to around 18 cents on the dollar).

However, we must keep in mind that deep structural constraints do remain. Thus, despite signs pointing to a modest recovery, Lebanon's economy remains smaller than it was in 2019 (in real terms). Inflation also remains high despite the noticeable slowdown in recent months, and unemployment, business closures, and the remaining damage from past conflicts continue to have a significant impact. (Reports from international institutions indicate that ~15% of businesses have closed permanently, ~21% have closed temporarily, and there have been substantial losses in private-sector jobs.)

As a result of all the above, the "Beirut Traders Association – Fransabank Retail Trade Index" reached a level of 33.89 in the third quarter of 2025 (compared to 33.13 in the previous quarter), showing a slight real quarterly improvement in the consolidated results of all retail trade sectors, inclusive of fuel sales, where an increase of +6.24% in volume was recorded during the period under review (+3.51% in the previous quarter).

The consolidated turnover figures for all sectors, excluding fuel, recorded a slight real quarterly decline compared to the previous quarter, with the magnitude of this decline reaching only -0.45% compared to the second quarter of 2025. However, in contrast, these results showed a more significant decline when compared to the same quarter of last year, with the aggregated retail trade sectors indicating a real annual drop of -8.53%, after excluding the fuel sector.

I. Main Indicators (for Q3 '25)

- Exchange rate of the Lebanese Lira: LBP 89,500 / USD 
- Annual Inflation: +15.06 % (down from +15.00 % in Q2 2025) 
- Quarterly Inflation: +2.50 % (down from +2.76 % in Q2 2025) 
- Consolidated Real Turnover: -8.53 % annually excl. fuel (vs. -0.86 % in Q2) 
- Consolidated Real Turnover: - 0.45 % quarterly excl. fuel (vs. +11.53 % in Q2) 
- Trade Deficit ~ 11 billion USD 
- Balance of Payments ≥ 10 billion USD (as compared to 5.5 billion USD in Q3 '24) 

I. Key Annual Results in Real Turnover:

- Cellular Phones (- 43.82 %) 
- Construction Equipment (- 27.77 %) 
- Watches & Jewelry (- 16.62 %) 
- Supermarkets (- 13.49 %) 
- Restaurants & Snacks (- 11.65 %) 
- Sportswear - Sports Foot wear (- 9.06 %) 

- Perfumes & Cosmetics (- 6.22 %)
- Pharmaceuticals (- 4.11 %)
- Electronics, Electrical Equipment & Appliances (- 2.47 %)
- Bakeries & Sweets Shops (- 1.32 %)
- Furniture (- 1.20 %)
- Medical Equipment (+ 22.39 %)
- Optical Instruments (+ 19.21 %)
- Tobacco (+ 10.05 %)
- Clothings (+ 9.69 %)
- Retail Sales of Fuel - Quantities (+ 9.60 %)
- Shoes & Leather Products (+ 3.77 %)
- Liquors & Spirits (+ 0.86 %)



II. Key Quarterly Results in Real Turnover:

- Construction Equipment (- 47.10 %)
- Sportswear - Sports Foot wear (- 37.71 %)
- Clothings (- 18.21 %)
- Cellular Phones (- 16.51 %)
- Bakeries & Sweets Shops (- 8.33 %)
- Electronics, Electrical Equipment & Appliances (- 7.36 %)
- Pharmaceuticals (- 2.94 %)
- Supermarkets (- 0.22 %)
- Shoes & Leather Products (+ 35.87 %)
- Medical Equipment (+ 20.61 %)
- Tobacco (+ 18.16 %)
- Liquors & Spirits (+ 18.00 %)
- Furniture (+ 9.41 %)
- Retail Sales of Fuel - Quantities (+ 6.24 %)
- Restaurants & Snacks (+ 6.02 %)
- Perfumes & Cosmetics (+ 5.05 %)
- Optical Instruments (+ 4.79 %)
- Watches & Jewelry (+ 0.05 %)



As for the price index, CAS announced that the annual inflation rate in the third quarter of this year reached **+15.06%**, marking a decline of more than **50%** compared to what it had recorded in the third quarter of 2024 (**+32.92%**). Meanwhile, the quarterly inflation rate (i.e., between the second and third quarters of 2025) decreased slightly from **+2.76%** to **+2.50%**, with the hope that this slowdown will continue and shall be accompanied by a gradual recovery in the purchasing power of Lebanese households and a boost in consumer activity in the markets.

Meantime, and with the Central Bank pursuing its policy of controlling money supply and limiting direct financing of the state, it can be said that the positive factors influencing the inflation rate seem to be gradually materializing, even if slowly, in the quarterly figures we are witnessing.

However, the apparent stability in the exchange rate and the recent decline in inflation have not yet translated into an actual improvement in purchasing power—and therefore in consumer activity.

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 '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 %

The inflation slowdown relative to every sector, between the 3rd quarter of 2024 and the 3rd quarter of 2025, was as follows:

Inflation Rates per Sector as per CAS figures between the 3rd Quarter of 2024 and the 3rd Quarter of 2025	
Communication (previous - 3.27 %)	-0.45%
Transport (previous + 1.91 %)	5.78%
Furniture & Home Appliances and Equip. (previous + 3.88 %)	1.24%
Recreation, Amusement, and Culture (previous + 8.82 %)	9.45%
Clothing and Footwear (previous + 9.71 %)	11.02%
Restaurants and Hotels (previous + 12.29 %)	10.69%
Liquor, Spirits and Tobacco (previous + 13.42 %)	11.14%
Supermarkets and Food Shops (previous + 20.79 %)	23.90%
Health (previous + 21.70 %)	4.94%
Education (+ 30.60 % in the previous quarter)	30.57%

The rates - which remain high, are reflected in the table above, particularly in the education and food sectors, and also, though to a lesser extent, in the clothing and leisure sectors.

As for the quarterly inflation rate (i.e., between the second and third quarters of 2025), it recorded the following levels in each sector individually, with a noticeable improvement in many sectors, except in the food and health sectors, and to a lesser extent in the restaurants and hotels sector.

**Inflation Rates per Sector as per CAS figures
between the 2nd Quarter of 2025 and the 3rd Quarter of 2025**

Recreation, Amusement, and Culture (- 0.22 % in the previous quarter)	-0.07%
Communication (- 0.50 % in the previous quarter)	-0.09%
Supermarkets and Food Shops (- 0.84 % in the previous quarter)	7.11%
Education (+ 0.21 % in the previous quarter)	0.00%
Health (+ 0.30 % in the previous quarter)	1.45%
Liquor, Spirits and Tobacco (+ 1.26 % in the previous quarter)	1.15%
Restaurants and Hotels (+ 2.14 % in the previous quarter)	2.95%
Furniture & Home Appliances & Equipment (+ 3.01 % in the previous quarter)	0.44%
Clothing and Footwear (+ 4.05 % in the previous quarter)	-1.71%
Transport (+ 4.57 % in the previous quarter)	0.82%

BTA - FRANSABANK Retail Index For Q3 - 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				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	
Real Index - w/ inflation		42.84	39.69	35.06	31.37	30.01	33.13	33.89	
CPI		6,321.16	6,450.23	6,450.23	7,061.07	7,218.28	7,417.78	7,603.00	

Therefore, the greatest challenge currently facing the state lies in its ability to restructure the banking sector without losing the markets confidence or deepening social crises, and to reach the adoption of the financial gap law in a way that aligns with the actual reality of this crisis - which, contrary to what some attempt to promote, is indeed a systemic crisis.

This could then lead to achieving real progress toward a balanced and fair agreement with the International Monetary Fund, thereby helping banks regain their central role in economic life, improving the investment climate, and attracting fresh funds and investments.

In addition, adopting strict measures to curb illegal commercial activities and intensifying efforts to combat corruption within public administrations - alongside the other reforms and measures required by international partners, are required.

Until these requirements materialize - effective implementation of reforms, controlling inflation, and securing external investments, the recovery is likely to remain fragile, with worsening social pressures, no improvement in purchasing power and consumption, and a continued atmosphere of caution and slow improvement in the 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 ($Q1 - 2011$) =

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

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