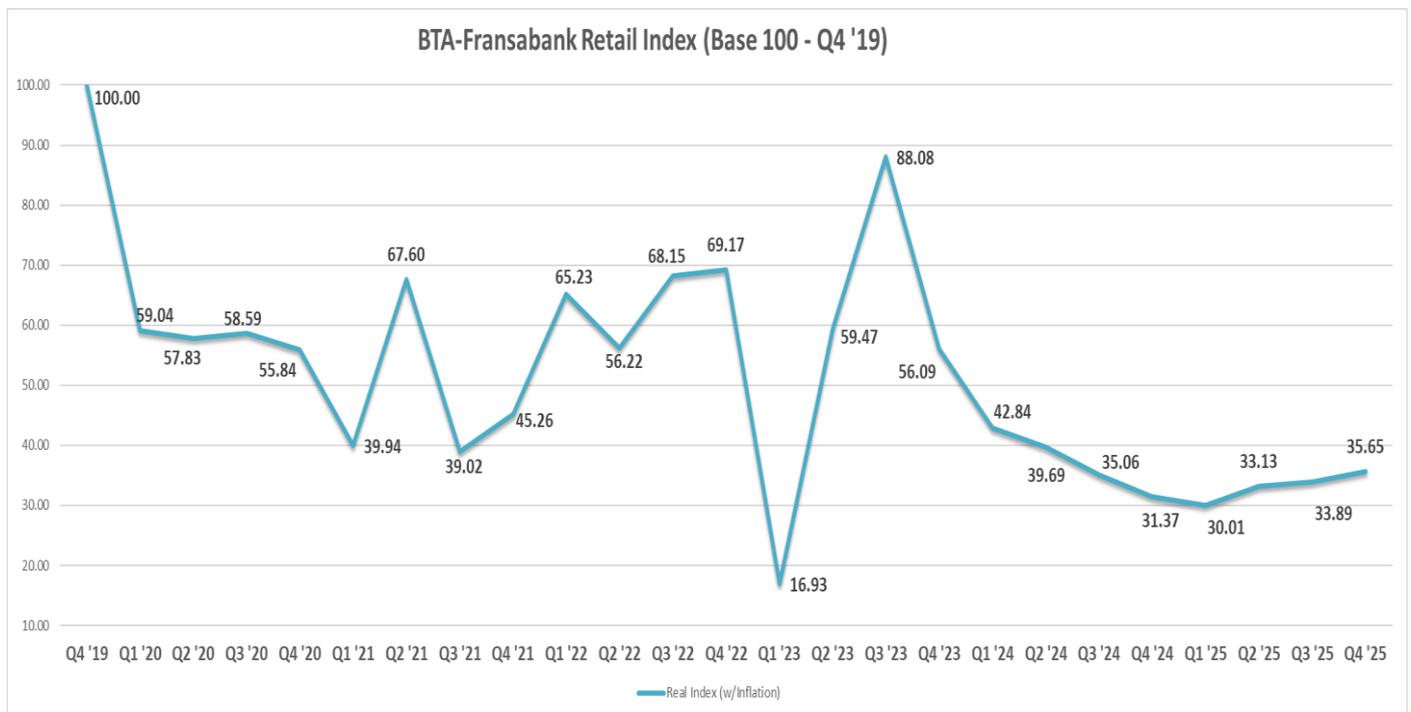


“BTA-Fransabank Retail Index” For the Fourth Quarter of 2025 (Q4-2025)

The Level of Activity in Commercial Markets Registers Improvement during the 4th Quarter of 2025 & The Government Attempts to Finalize Required Reform Laws in an Effort To Lure Back Investors

Commercial activity during the final quarter of 2025 showed an improvement compared with the previous quarters. The quarterly results for the fourth quarter recorded a further increase, indicating stronger market activity and a continued gradual recovery in consumer demand.

In numerical terms, the Beirut Traders Association – Fransabank Retail Trade Index reached 35.65 in the fourth quarter of 2025, compared with 33.89 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 fourth quarter of 2025, according to the Central Administration of Statistics, reached **+4.23%** according to the **Central Administration of Statistics**, compared with **+2.50%** in the previous quarter.



The signs of relative recovery observed in the fourth quarter of 2025 suggest that the Lebanese economy may have achieved an overall **positive growth by year-end**, estimated at approximately **3.5%**. Although limited, this recovery follows several years of contraction associated with the financial crisis and regional tensions.

Key drivers of this growth included the **relative recovery in the tourism sector**, the **continued inflow of remittances from Lebanese expatriates to their families in**



Lebanon, and a modest increase in **private consumption**, supported by **exchange rate stability resulting from strict monitoring by the Central Bank**, while inflationary pressures continued to moderate.

However, a large portion of the **structural reform agenda** remained under preparation or implementation by the end of the year. This includes the **banking sector reform law** and other financial legislation, most notably the **Financial Gap Law**, that aims at establishing a legal framework to address the estimated **USD 80–83 billion gap** between deposit liabilities and the assets of banks and the central bank. The law outlines potential mechanisms for repaying frozen deposits and distributing losses.

Parliamentary discussions on the draft law were still ongoing. The **Association of Banks in Lebanon** and the **Lebanese private sector** strongly opposed key provisions, arguing that the draft deviates from international standards and could weaken depositors' rights and adversely affect bank balance sheets, particularly in the absence of transparent accounting of actual losses. and the reluctance of the State to recognize the Lebanese financial crisis as a systemic one.

At the same time, communication between **International Monetary Fund (IMF)** missions and the Lebanese authorities has continued. The IMF has reiterated that **banking sector restructuring, fiscal sustainability, and governance reforms** are essential conditions for Lebanon to obtain future financial support, reopen credit channels, and access concessional financing from friendly and donor countries as well as international institutions, in addition to facilitating the return of investments.

Nevertheless, there appears to be a degree of willingness from certain external parties to provide **selective support**, which could offer short-term financial relief and encourage investment in infrastructure. Recently, the **World Bank** approved new financing for social and digital projects, while **Qatar** announced investment commitments in the electricity sector and programs related to refugee return.

However, as noted in the previous quarter, continued progress in **reform efforts and negotiations with the IMF** remains essential.

Equally important is the absence of developments that could hinder tourism activity or the recovery in consumer spending, particularly during the upcoming **Eid al-Fitr and Easter holiday seasons**, as well as the continued flow of expatriate remittances.

If such favorable conditions persist, the **World Bank** expects **real GDP growth** to reach approximately **4% in 2026**, representing a slight acceleration compared with the estimated **3.5% growth in 2025**.

Some private-sector analyst surveys (including those based on **Bloomberg data**) suggest greater optimism, with **average growth forecasts ranging between 5.5% and 5.7% in 2026**, driven primarily by remittances, tourism activity, and improved private demand.

Despite these positive signals, **consumer activity—although relatively improved in the fourth quarter—remains below desired levels**, and inflation, despite its recent slowdown, remains elevated.

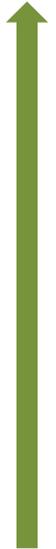
As mentioned above, the **Beirut Traders Association – Fransabank Retail Trade Index** reached **35.65 in the fourth quarter of 2025** (compared with **33.89 in the previous quarter**), reflecting a **modest real quarterly improvement in the aggregate results of retail trade sectors**, including fuel sales. Fuel sales themselves recorded a **decline of – 11.04% in quantities**, compared with **+6.24% in the previous quarter**.

Aggregate business activity across all sectors, **excluding the fuel sector**, recorded a **real quarterly increase of +10.01%** compared with the second quarter of 2025. These results also showed a more significant improvement compared with the fourth quarter of the previous year, with **annual real growth in retail trade sectors reaching +12.40%**, excluding fuel.

I. Main Indicators (for Q4 '25)

- Exchange rate of the Lebanese Lira: LBP 89,500 / USD 
- Annual Inflation: +12.23 % (down from +15.06 % in Q3 2025) 
- Quarterly Inflation: **+4.23 %** (up from +2.50 % in Q3 2025) 
- Consolidated Real Turnover: **annually excl. fuel + 12.40 %** (vs. –8.53 % in Q3) 
- Consolidated Real Turnover: **+ 10.01 quarterly excl. fuel** (vs - 0.45 % in Q3) 
- Trade Deficit ~ **17.4 billion USD** (as compared to ~ 14.2 billion USD end-'24) 
- Balance of Payments ~ **17.3 billion USD** (out of which ~ 14.3 billion USD due to the rise in Gold price) 

I. Key Annual Results in Real Turnover:

- Liquors & Spirits (+ 72.77 %)
 - Cellular Phones (+ 67.66 %)
 - Bakeries & Sweets Shops (+ 65.48 %)
 - Tobacco (+ 56.70 %)
 - Perfumes & Cosmetics (+ 41.91 %)
 - Optical Instruments (+ 38.89 %)
 - Medical Equipment (+ 36.12 %)
 - Clothings (+ 28.69 %)
 - Retail Sales of Fuel - Quantities (+ 24.92 %)
 - Shoes & Leather Products (+ 15.74 %)
 - Electronics, Electrical Equipment & Appliances (+ 13.39 %)
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- Pharmaceuticals (+ 5.21 %)
- Furniture (+ 2.08 %)
- Watches & Jewelry (+ 1.22 %)
- Supermarkets (- 4.44 %)
- Restaurants & Snacks (- 14.64 %)
- Sportswear - Sports Foot wear (- 31.56 %)
- Construction Equipment (- 49.09 %)



II. Key Quarterly Results in Real Turnover:

- Cellular Phones (+ 73.59 %)
- Bakeries & Sweets Shops (+ 61.04 %)
- Medical Equipment (+ 35.96 %)
- Supermarkets (+ 9.46 %)
- Electronics, Electrical Equipment & Appliances (+ 4.52 %)
- Optical Instruments (+ 3.50 %)
- Pharmaceuticals (+ 1.92 %)
- Watches & Jewelry (+ 1.12 %)
- Liquors & Spirits (- 1.02 %)
- Restaurants & Snacks (- 2.68 %)
- Furniture (- 3.41 %)
- Retail Sales of Fuel - Quantities (- 11.04 %)
- Clothings (- 13.98 %)
- Perfumes & Cosmetics (- 15.60 %)
- Shoes & Leather Products (- 17.16 %)
- Tobacco (- 17.95 %)
- Construction Equipment (- 36.43 %)
- Sportswear - Sports Foot wear (- 79.82 %)



Regarding inflation, the **annual inflation rate for the fourth quarter reached +12.23%**, marking a decline compared with **+18.12% in the fourth quarter of 2024**. However, **quarterly inflation** (between the third and fourth quarters of 2025) increased again to **+4.23%**, compared with **+2.76% recorded in the previous quarter**.

Overall, the figures recorded during the final quarter of 2025 and throughout the year confirm a **decline in inflation rates during 2025**, falling from **triple-digit levels to around 12%**, despite the temporary rise observed in the fourth quarter.

The **World Bank** expects annual inflation to continue declining to **single-digit levels (around 8.7%) in 2026**, supported by continued exchange rate stability and stable—if not declining—global transport prices. However, this outlook remains contingent on the continuation of **fiscal and monetary discipline**, as well as **political and security stability**.

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 %
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 %

The inflation levels relative to every sector, between the 4th quarter of 2024 and the 4th quarter of 2025, were as follows:

Inflation Rates per Sector as per CAS figures between the 4th Quarter of 2024 and the 4th Quarter of 2025	
Education (+ 30.57 % in the previous quarter)	35.94%
Recreation, Amusement, and Culture (previous + 9.45 %)	31.56%
Supermarkets and Food Shops (previous + 23.90 %)	14.64%
Liquor, Spirits and Tobacco (previous + 11.14 %)	8.11%
Restaurants and Hotels (previous + 10.69 %)	7.57%
Transport (previous + 5.78 %)	3.16%
Health (previous + 4.94 %)	2.22%
Clothing and Footwear (previous + 11.02 %)	1.95%
Communication (previous - 0.45 %)	-0.70%
Furniture & Home Appliances and Equip. (previous + 1.24 %)	-1.61%

Relatively high inflation levels persist in certain sectors, as shown in the table above—particularly **education, recreation, and culture**, as well as, though to a lesser extent, **food products**.

On the other hand, Quarterly inflation (between the third and fourth quarters of 2025) recorded varying levels across sectors, with increases in the **education and culture sectors**, while other sectors experienced relative improvement. Notably, inflation in **food products** showed signs of slowing.

Inflation Rates per Sector as per CAS figures between the 3rd Quarter of 2025 and the 4th Quarter of 2025

Education (+ 0.00 % in the previous quarter)	35.40%
Recreation, Amusement, and Culture (- 0.07 % in the previous quarter)	30.41%
Liquor, Spirits and Tobacco (+ 1.15 % in the previous quarter)	3.41%
Clothing and Footwear (- 1.71 % in the previous quarter)	3.40%
Supermarkets and Food Shops (+ 7.11 % in the previous quarter)	2.68%
Health (+ 1.45 % in the previous quarter)	0.11%
Restaurants and Hotels (+ 2.95 % in the previous quarter)	-0.07%
Communication (- 0.09 % in the previous quarter)	-0.20%
Furniture & Home Appliances & Equipment (+ 0.44 % in the previous quarter)	-0.28%
Transport (+ 0.82% in the previous quarter)	-0.59%

BTA - FRANSABANK Retail Index For Q4 - 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	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

In conclusion, progress in key legislation—such as the **Financial Gap Law** and **Banking Sector Restructuring**—along with adherence to reform conditions required by international stakeholders, will be decisive in reopening access to external financing and rebuilding confidence.

Such progress will undoubtedly be a key factor in **stabilizing the financial sector**, **reopening credit channels**, and enabling access to **concessional financing** for both the private sector and Lebanese households, thereby strengthening purchasing power and stimulating consumption across various sectors.

In addition, it will be necessary to **accelerate the adoption and implementation of strict measures to curb illicit commercial activity** and intensify efforts to **combat corruption within public administrations**.



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