

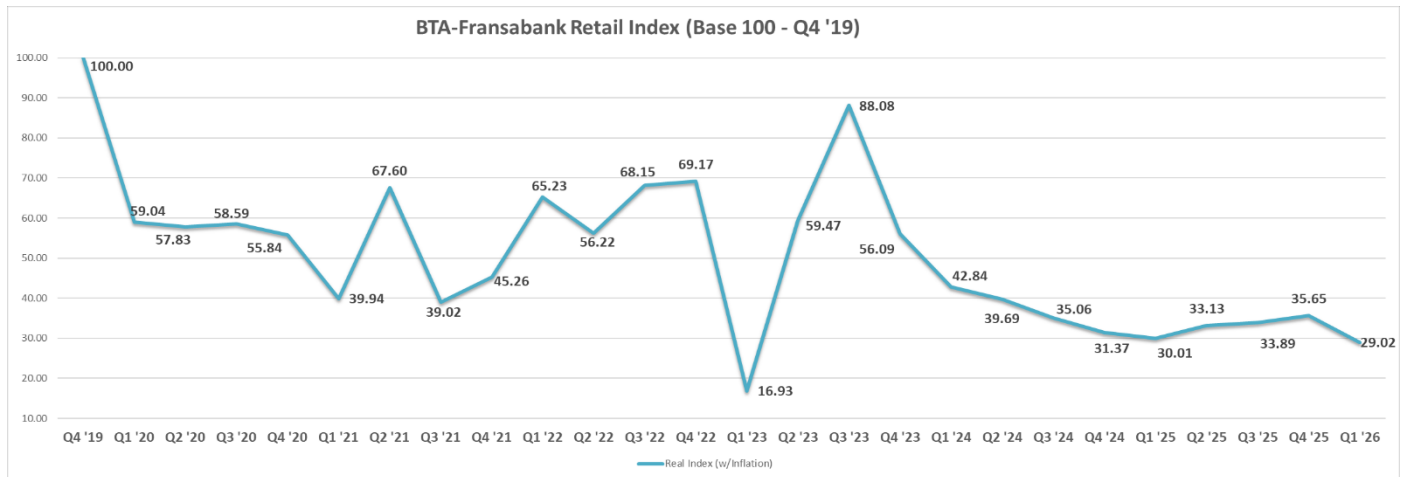


“BTA-Fransabank Retail Index”
For the First Quarter of 2026 (Q1-2026)

The cautious recovery we witnessed at the beginning of the first quarter of 2026 retreated due to the outbreak of war, and Lebanon returned once again to a stifling state of stagflation.

After the beginning of the first quarter of 2026 saw a noticeable improvement in commercial activity – the best since the start of the crisis in 2019 – the outbreak of war in March crushed all gains and reversed the recovery path we had witnessed since the previous quarter.

In figures, the "BTA – Fransabank Retail Trade Index" for the first quarter of 2026 dropped to a level of 29.02 (compared to 35.65 in the previous quarter), noting that the base index (100) adopted is for Q4 2019, and bearing in mind that price inflation during Q1 2026, according to the Central Administration of Statistics, simultaneously recorded a significant increase of +6.81% (compared to +4.23% in the previous quarter).



The cautious recovery that we witnessed in the first two months of the year, which was characterized by an increase in institutional activity, was reversed after the outbreak of war in March.

In detail, it can be said that the impact of the war on retail trade was as follows:

- **Tourism-related retail** first saw an almost complete halt, with the number of incoming travelers dropping by 90%, similar to what happened in the 2006 war, with expatriates canceling their holiday visits, in addition to travel warnings issued by various countries and entities.



- **Stores in Beirut and Mount Lebanon** were affected due to strikes and fear of further escalation, which led to empty streets, malls, and commercial hubs.
- **As for retail trade in southern Lebanon**, it witnessed an almost complete halt due to airstrikes and artillery shelling.
- **Supply chains were disrupted** due to the disruption of several maritime routes because of the dangers surrounding the region as a whole, noting that Lebanese official authorities took all measures to secure a strategic reserve of essential goods for the short and medium term.
- And of course, **an additional collapse in consumer confidence**, as the stagflationary shock was not expected, and consumer activity shifted to necessities only.

In conclusion:

- **Before March:** The retail sector was witnessing its first real stabilization since 2019, and the expected growth for the Lebanese economy in 2026 was between 4% and 5%.
- **With the outbreak of war in March:** Growth now depends on how quickly the war ends. Informed sources say that if the war continues until June, losses could wipe out the gains of 2025, and it is expected that the Lebanese economy will record a sharp contraction.

The response of Lebanese official authorities was limited given the crisis still afflicting the state itself:

- No special war-related stimulus package was announced in March, and retailers did not receive any tax exemptions or cash support, except for extensions on deadlines for tax obligations.
- No government program was put in place to compensate for losses in the retail sector.

As previously mentioned, the "**Beirut Traders Association – Fransabank Retail Trade Index**" reached **29.02** in Q1 2026 (35.65 in the previous quarter), with a significant quarterly real decline recorded in the consolidated result for retail trade sectors, including fuel sales, which also saw a decline of **-8.72%** in terms of quantity (-11.04% in the previous quarter).

After excluding the fuel sector, the real quarterly decline reached **-25.13%** compared to the previous quarter. The results also showed a sharp decline compared to Q1 of last year, where the consolidated result for retail trade sectors recorded a real annual decline of **-17.87%**, after excluding the fuel sector.

Main Indicators (for Q1 '26)

Item	Q1 '26	Q4 '25
Rate of the Lebanese Lira Exchange	LBP 89,500/USD	LBP 89,500/USD
Annual Inflation	+ 17.26%	+ 12.23%
Quarterly Inflation	+ 6.81%	+ 4.23%
Consolidated Real Turnover: annually excl. fuel	-17.87%	+ 12.40%
Consolidated Real Turnover: quarterly excl. fuel	-25.13%	+ 10.01%

Key Annual Results in Real Turnover	Q1 '26	Q1 '25
Snacks & Restaurants	+ %22.50	- 14.64 %
Pharmaceuticals	+ %15.65	+ 5.21%
Clothings	+ %7.49	+ 28.69%
Equipment Medical	+ %6.09	+ 36.12%
Instruments Optical	+ %3.19	+ 38.89%
Appliances & Electrical Equipment ,Electronics	+ %1.88	+ 13.39%
Supermarkets	-0.92%	- 4.44 %
Spirits & Liquors	-1.58%	+ 72.77%
Products Leather & Shoes	-3.51%	+ 15.74%
Furniture	-4.00%	+ 2.08%
Tobacco	-20.68%	+ 56.70%
Cosmetics & Perfumes	-9.79%	+ 41.91%

Quantities - Retail Sales of Fuel	-13.67%	+ 24.92%
Shops Sweets & Bakeries	-22.02%	+ 65.48%
Equipment Construction	-25.72%	- 49.09 %
Jewelry & Watches	-26.39%	+ 1.22%
Foot wear Sportswear - Sports	-54.13%	- 31.56 %
Cellular Phones	-56.52%	+ 67.66%

Key Quarterly Results in Real Turnover	Q1 '26	Q4 '25
Foot wear Sportswear - Sports	+ %10.15	-79.82%
Pharmaceuticals	+ %8.98	+ 1.92%
Spirits & Liquors	-3.68%	-1.02%
Equipment Construction	-5.78%	-36.43%
Quantities - Retail Sales of Fuel	-8.72%	-11.04%
Tobacco	-10.47%	-17.95%
Appliances & Electrical Equipment ,Electronics	-10.92%	+4.52%
Instruments Optical	-11.12%	+3.50%
Supermarkets	-11.56%	+ 9.46%
Snacks & Restaurants	-15.82%	-2.68%
Cosmetics & Perfumes	-22.13%	-15.60%
Products Leather & Shoes	-23.53%	-17.16%
Clothings	-23.56%	-13.98%
Equipment Medical	-24.19%	+ 35.96%
Furniture	-30.05%	-3.41%
Jewelry & Watches	-33.10%	+ 1.12%

Shops Sweets & Bakeries	-41.66%	+61.04%
Cellular Phones	-72.46%	+ 73.59%

As for the CPI, the annual inflation rate in the first quarter of this year reached **+17.26%**, thus resuming an increase compared to what was recorded in Q4 2025 (+12.23%). In parallel, the quarterly inflation rate (i.e., between Q4 2025 and Q1 2026) also rose and recorded **+6.81%** compared to **+4.23%** recorded 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 %
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 %

Annual inflation in each sector was as follows:

Inflation Rates per Sector as per CAS figures between the 1st Quarter of 2025 and the 1st Quarter of 2026	
Recreation, Amusement, and Culture (previous + 31.56 %)	42.66%
Education (+ 35.94 % in the previous quarter)	35.67%
Transport (previous + 3.16 %)	24.81%
Supermarkets and Food Shops (previous + 14.64 %)	19.41%
Restaurants and Hotels (previous + 7.57 %)	11.34%
Liquor, Spirits and Tobacco (previous + 8.11 %)	8.74%
Furniture & Home Appliances and Equip. (previous - 1.61 %)	5.13%
Clothing and Footwear (previous + 1.95 %)	2.39%
Health (previous + 2.22 %)	2.15%
Communication (previous - 0.70 %)	-1.63%

Still-high rates are observed as shown in the table above, such as in the Education and Recreation & Culture sectors, but also – albeit to a lesser extent – in the Food and Transport sectors.

Also, for the quarterly inflation rate (i.e., between Q4 2025 and Q1 2026), it recorded the following levels in each sector individually, with a notable increase in this rate in the Transport and Food sectors:

Inflation Rates per Sector as per CAS figures between the 4th Quarter of 2025 and the 1st Quarter of 2026

Transport (- 0.59 % in the previous quarter)	19.09%
Recreation, Amusement, and Culture (+ 30.41 % in the previous quarter)	9.72%
Supermarkets and Food Shops (+ 2.68 % in the previous quarter)	9.49%
Restaurants and Hotels (- 0.07 % in the previous quarter)	5.96%
Liquor, Spirits and Tobacco (+ 3.41 % in the previous quarter)	2.67%
Furniture & Home Appliances & Equipment (- 0.28 % in the previous quarter)	1.89%
Health (+ 0.11 % in the previous quarter)	0.26%
Education (+ 35.40 % in the previous quarter)	-0.02%
Communication (- 0.20 % in the previous quarter)	-0.84%
Clothing and Footwear (+ 3.40 % in the previous quarter)	-3.18%

BTA - FRANSABANK Retail Index For Q1- 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 '26	Q3 '26	Q4 '26	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							
Nominal Index - w/out inflation		58.09							
Real Index - w/ inflation		29.02							
CPI		8,464.31							

In conclusion, with inflation rising again, especially due to the increase in import prices as a result of the war and its impact on maritime routes, and even before that, a number of traders turned to focusing on purchasing local products. It can be said that the Lebanese economy witnessed an acceleration of the slogan "**Buy Lebanese**" at the beginning of 2026.



In this context, it should be noted that the International Monetary Fund reiterated that restoring strong growth requires, in addition to the end of the war, "**comprehensive reforms**" to address structural weaknesses, while banking sector restructuring and debt restructuring remain pending, to the extent that the IMF did not publish GDP estimates for the 2025-2030 period, citing an "**unusually high degree of uncertainty.**" The government continues to be unable to control public debt, which still equals about 140% of GDP, and the trade balance deficit is increasing with a rise in total imports and a decline in exports.

Meanwhile, the 2026 budget came to reflect "**survival spending without a recovery plan,**" as most spending items are allocated to salaries and basic operations. Capital spending or infrastructure investment is almost non-existent.

Accordingly, on the social front, citizens are still facing inflation that has risen again (17.26%), and local goods and services, such as food, transport, and education, continue to see a steady rise in prices, while purchasing power continued to decline.

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