BDL's Macroeconomic Review 2025: GDP at $33 Billion and Real Growth at 3.8%

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BDL published in late April 2026 its issue No.2 of its Macroeconomic Review, for the year 2025. It follows issue No.1 for year 2024; and it provides a comprehensive analysis of the Lebanese macroeconomic situation in 2025, along with major policy initiatives undertaken by BDL.

It starts with the global and regional scene, arguing that "global economic growth remained stable at 3.2% in 2025, supported by strong investments in technology and easing inflation, which declined to 4.2% amid lower food and energy prices. This environment enabled major central banks to gradually ease monetary policy, particularly in the second half of the year. In parallel, the MENA region recorded a recovery, with growth rising to 3.3% up from 2.1% in 2024".

As to Lebanon, the global and regional environment "provided a relatively supportive external environment, characterized by lower imported inflation and improved relations with GCC countries, which contributed to sustained inflows from remittances and tourism. Nonetheless, persistent geopolitical tensions remained a significant downside risk. Against this backdrop, Lebanon's economy showed signs of modest recovery in 2025 with real GDP growth estimated at 3.8%, following a contraction of 6.4% in 2024, and nominal GDP reaching USD 33 billion, compared with USD 27.7 billion in 2024, according to BdL estimates. The rebound was primarily driven by domestic consumption and a recovery in tourism, supported by decelerating inflation and improved liquidity conditions."

Noting also that "inflationary pressures eased, with headline and core inflation declining to 12.2% and 13.5% year-on-year respectively, in December 2025. This reflects exchange rate stability, tighter fiscal and monetary policies, and lower global energy prices. However, inflation remained elevated in key sectors due to structural rigidities".

In terms of sectors, "performance improved in commerce, tourism, and industry, while construction remained subdued. Although construction-related real sector indicators showed some recovery, they continue to lag behind historical trends, as per the BdL Business Survey results. The BdL Business Composite Indicator rose to its highest level in the third quarter of the 2025 since the onset of the crisis, before moderating in the final quarter amid slower-than-expected progress in implementing key structural and financial sector reforms".

As to the external sector, "Lebanon's balance of payments reflected widening external imbalances, with the current account deficit reaching USD 5.6 billion in the first nine months of 2025, driven by a USD 10.8 billion trade deficit. Financing weakened amid declines in remittances and international grants while the financial account surplus contracted, signaling increased difficulties in securing stable external funding. Despite these mounting pressures, BdL transitioned towards active foreign reserve accumulation, bolstering its capacity to manage market liquidity and enhance macro-financial stability against persistent volatility".

For exchange rate, "BdL continued to support exchange rate stability and actively manage liquidity, while foreign reserves increased moderately to reach USD 12 billion in December 2025. Banking sector activity remained subdued, characterized by high non-performing loans and limited credit provision. Regulatory measures, including Circulars 158 and 166, supported depositor access to funds and liquidity conditions, while non-bank financial institutions played a significant role in sustaining payment activity under enhanced BdL regulatory oversight".

As far as policy is concerned, "during the period under review, BdL implemented regulatory and prudential measures to strengthen financial integrity, reinforce depositor protection, and preserve liquidity discipline. The AML/CFT framework was enhanced through a multi-layered control architecture that improved transaction traceability, while digital financial services were modernized through a regulatory framework for e-KYC and e-money activities. These measures were complemented by key legislative developments, including the enactment of the Banking Restructuring Law and progress on the draft Financial Stabilization and Deposits Repayment Act".

In terms of outlook, the report observes "the modest recovery observed in 2025 is expected to weaken significantly in 2026 as at the time of finalizing this report, the war involving Iran, the United States, and Israel, along with renewed hostilities in Lebanon, had sharply increased uncertainties surrounding the outlook. These developments are not incorporated into the current analysis, but they are expected to generate significant downside risks through higher energy prices, trade and supply disruptions, inflationary pressures, potentially lower remittance inflows from affected GCC countries, rising humanitarian needs, and further damage to key sectors, particularly tourism and commerce, which had driven growth in 2025. These recent developments are expected to place significant additional strain on public finances, increase reconstruction costs, and exacerbate existing vulnerabilities in the financial sector, further weakening macroeconomic stability and growth prospects".

Lastly, one glaring omission in the report is the public finance, as no analysis is provided regarding government expenditures, revenues, and surpluses, besides any policy initiatives at MOF. Interesting to note in this respect that MOF recorded a surplus of 1 USD billion in 2024 against a surplus of 1.5 USD billion in 2025.

BDL Macroeconomic Indicators: 2024 and 2025

	2024	2025
GDP Growth %	-6.4	3.8
GDP USD Bn	27.7	33
CPI YoY Inflation %	45.2	12.2
BDL Foreign Assets USD Bn	10.2	12
Gold USD Bn	24.1	40.4
Bank Assets USD Bn	103.5	102
NPLs %	86.3	86.3
Fresh Loans USD Mn	418	794
Fresh Deposits USD Bn	3.5	5
Circulars 158&166 USD Bn	1.2	2
Current Account Deficit USD Bn[1]	4.2	5.6
Trade Goods Deficit USD Bn[1]	9.4	10.8
Trade Services Surplus USD Bn[1]	0.7	1
Net Remittances USd Bn[1]	3.7	3.4
Financial Account Surplus USD Bn[1]	3.5	2.7
FDI Surplus USD Bn[1]	0.9	1.3
Portfolio Deficit USD Bn[1]	0.9	0.6
Reserve Assets Surplus USD Bn[1]	1.4	1.6

1. First 9 months.

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