The MENA Weekly Monitor

Week 3
Jan 8 - Jan 15 2010

ECONOMY

p.2 ▶ GCC oil income slashed by 42% in 2009 as per the EIA

A sharp decline in crude prices and output is expected to have slashed the combined income of Gulf oil producers by nearly US$ 220 billion, the equivalent of 42%, in 2009, as per figures released by the Energy Information Administration (EIA) of the US Department of Energy.

SURVEYS

p.4 ▶ Bayt.com notes a dip in overall consumer confidence in the MENA region in the past 32 months

Bayt.com issued its December 2009 consumer confidence survey in which it indicated that 9 of 10 countries measured against the base period of August 2007 posted a drop in confidence indices.

CORPORATE NEWS

p.5 ▶ Mazaya Qatar announces QR 500 million Initial Public Offering

Mazaya Qatar Real Estate Development Company recently launched its QR 500 million Initial Public Offering (IPO).

MARKETS IN BRIEF

p.6 ▶ Arabian equity markets remain stable in line with global markets

Arabian equity markets remained stable during this week, inching down by 0.3% relative to the previous week, as per Morgan Stanley Capital International Arabian Markets Index. This tiny decline went in line with a similar decline in global equity markets as per AC MSCI Index. The UAE equity markets dived in the red during this week, falling by 6.8%, undermined by realty properties. The drop in prices was coupled with a decline in traded volumes, which resulted in a fall in the total trading value of 25%. In Saudi Arabia, the Tadawul edged up by 0.4% during this week, while the total trading value surged by 37.2%. The banking stocks were among the top losers with earnings of some banks falling short of analysts' expectations. Elsewhere in the Gulf region, the Kuwait Stock Exchange declined by 1.6% week-on-week, while the total trading value climbed by 38.1%. Banking and investment stocks were among the top losers. The Qatar Exchange moved down by 2.4% week-on-week, while the total trading value jumped by 58.9%. The decline in prices was undermined by banking and industrial stocks. Outside the Gulf region, the Egyptian Exchange surged by 4.1% this week, while the trading value soared by a tangible 200%.

The MENA Weekly Monitor can be accessed via Internet at the following web address: http://www.banqueaudi.com

Group Research Department
Bank Audi sal - Audi Saradar Group
Bank Audi Plaza, Bab Idriss, Riad El Solh - Beirut - Lebanon
P.O.Box : 11 - 2560 / Tel : (01) 994000 / Telefax : (01) 985622
Swift : AUDBLBBX - http://www.banqueaudi.com

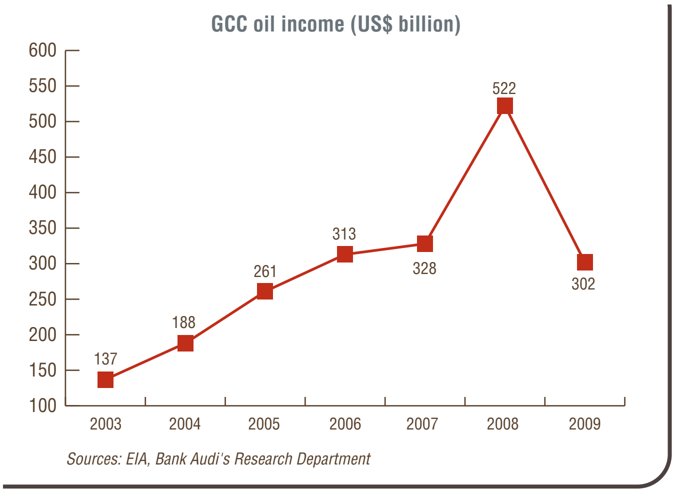
ECONOMY

GCC oil income slashed by 42% in 2009 as per the EIA

A sharp decline in crude prices and output is expected to have slashed the combined income of Gulf oil producers by nearly US$ 220 billion, the equivalent of 42%, in 2009, as per figures released by the Energy Information Administration (EIA) of the US Department of Energy. However, the earnings remained far above their level in early 2000s. From a record US$ 522 billion in 2008, the collective oil export revenues of the six-nation Gulf Co-operation Council (GCC) are projected to have plunged to nearly US$ 302 billion in 2009.

According to the EIA, the income of the Gulf Opec members – the UAE, Saudi Arabia, Qatar and Kuwait – stood at around US$ 280 billion in 2009. With Oman's oil earnings estimated at nearly $18 billion and those of Bahrain at about US$ 4 billion, the GCC's total oil export earnings stood at US$ 302 billion. In 2008, Oman's income climbed to a record US$ 25 billion and that of Bahrain to nearly US$ 5 billion, pushing the total GCC income to its highest ever level.

The GCC's 2009 income is lower than the 2007 earnings of US$ 328 billion and the 2006 income of nearly US$ 313 billion. Nevertheless, it was far higher than the revenues achieved in the previous three years of US$ 261 billion, US$ 188 billion and US$ 137 billion respectively. It was also more than quadruple the 1998 income of about US$ 70 billion.



Sources: EIA, Bank Audi's Research Department

Official figures showed the decline in the GCC's income in 2009 was caused by a 42% drop in average crude prices to about US$ 60.9 a barrel from a record US$ 94.5 in 2008. The GCC's oil output also slumped by nearly 9.5% from an average 15.88 million barrels per day in 2008 to 14.27 million bpd in 2009 as most of them cut supplies in line with Opec's collective agreement. The figures by the Riyadh-based International Energy Forum (IEF) showed the largest decline was in Saudi Arabia's output, which plunged from nearly 9.3 million bpd to around 8.2 million bpd in the same period. The UAE and Kuwait slashed output from an average 2.6 million bpd to 2.24 million bpd each, while Qatar's production fell to around 780,000 bpd from 850,000 bpd. Bahrain's output remained unchanged at 180,000 bpd, while non-Opec Oman boosted its production to 810,000 bpd from 750,000 bpd.

Oil accounts for more than a third of the economy of the GCC nations and the decline in the income is expected to have depressed their nominal gross domestic product by nearly US$ 236 billion in 2009, as per the EIA.

HSBC notes a decline in business confidence in the Gulf in the fourth quarter of 2009

According to a study conducted by HSBC, business confidence has seen a slight decline in the Gulf in the fourth quarter of 2009. Of all the gulf countries, Qatar, Kuwait and Saudi Arabia – mainly because they are hydrocarbon-producing states – were the only ones to show an increase in confidence among businessmen, while Bahrain, Oman and UAE saw a decrease in overall confidence in the fourth quarter.

The survey noted that the Business Confidence Index fell from 81.4 points in the third quarter of 2009 to 80.2 points in the fourth quarter. Further study led to the discovery that 37% of respondents in the gulf countries said they would increase staff in 2010, up by 1% from the second quarter. As a result, 35% of respondents think that international and cross-border businesses would see growth.

The most confident in the region is the Saudi Arabia, with a 0.1% rise in its index, while the UAE is the least confident, with a 3.3% drop. Looking forward, HSBC anticipates a slight increase in investment, turnover, and profitability in the first quarter of 2010.

IMF notes significant post crisis economic link between advanced economies and MENA EM countries

The International Monetary Fund (IMF) issued a working paper termed "The spillover effects of the global crisis on economic activity in MENA emerging market countries – An analysis using the Financial Stress Index (FSI)", in which it attributed half of the decline in real GDP growth in the said region is to the high financial stress in the MENA countries, as well as the weak economic activity in developed economies.

According to the paper, the international turmoil took a toll on the economic activity worldwide. Though emerging market (EM) countries in the MENA region were comparatively shielded from the crisis at the beginning, given their limited exposure to structured financial products and low levels of financial integration, as the months went by, the downturn started weakening their economic activity. As such, forecasts of real GDP growth in MENA EM countries have been revised downward from 6% to 3.5% in 2009.

The financial stress index (FSI) for emerging market economies recaps a number channels spreading the spillovers of the crisis to MENA EM countries. It comprises an exchange market pressure index and four market-based price indicators (sovereign spreads, the banking sector, stock market returns, and stock market volatility). A growing FSI signals high financial stress in an economy. FSI in this case is used to estimate the spillovers of increased financial stress from advanced economies to MENA EM countries, and the impact of higher financial stress and lower economic activity in trade partners on economic activity in MENA EM countries.

The estimated models suggest that nearly two thirds of increased financial stress in MENA EM countries subsequent to the bankruptcy of Lehman Brothers is due to direct or indirect spillovers of financial stress in advanced economies. Also, increased financial stress along with the slowdown in economic activity in advanced economies can explain about half of the decline in real GDP growth in MENA EM countries after the Lehman Brothers' abrupt announcement.

Moreover, the projections of real GDP growth in World Economic Outlook (fall 2009) and Regional Economic Outlook appear to be in line with the estimations of the model. As a matter of fact, the calculations in the paper show a real GDP growth in MENA EM countries ranging between 2.5% to 3.5% in 2009, 3.5% to 4.5% in 2010 and 4.5% to 5.5% in 2011. In the aforementioned IMF publications, the projections were 3.5%, 4.0% and 4.5% correspondingly for 2009, 2010 and 2011.

BSF forecasts Saudi Arabia's real GDP growth at 3.9% in 2010

Saudi economic growth will accelerate to 3.9% in 2010 on the back of strong government spending and recovery in the private sector, according to a study released by Banque Saudi Fransi (BSF) this week. However, the study noted that declining productivity in the private sector will remain a drag on the economy that could lead to higher unemployment if the government does not continue to expand its own role, said the BSF in its forecast.

The Saudi economy eked out a bare 0.15% GDP expansion in 2009, buoyed by heavy government and oil sector investment, which will continue to carry the economy this year, said BSF. Economic growth is likely to accelerate to 3.9% in 2010, with the private sector growing 3.7% on the back of higher oil prices and greater infrastructure activity.

The government, through a stimulatory public spending program, will continue to lead the pickup in the economy as Saudi oil averages around US$ 74 dollars a barrel and low levels of government debt bolster the kingdom's fiscal position, the bank said. The world's second largest oil exporter after Russia, Saudi Arabia is overwhelmingly dependent on oil revenues to fund government spending.

Regarding the banking sector, the crisis of confidence is slowly easing and BSF anticipates an advancement in bank lending to the private sector this year. A primary reason for this will be necessity; if banks want to avoid a repeat of their lackluster 2009 profit performance, they will have to energize the pace of credit expansion. BSF predicts loan growth returning to an 8% annual pace after a 5.4% contraction last year.

Landmark Advisory indicates a slide in Abu Dhabi rents in the fourth quarter of 2009

Residential rents in Abu Dhabi tumbled up to 20% in the fourth quarter of 2009 and would likely continue to fall over the next quarter due to increased supply and competition from Dubai, as per a note released by Landmark Advisory this week.

The real estate consultancy said rents for low-end apartments saw the biggest drop in the last three months of the year, down 20%, while those for better quality homes declined 10%. Villa rents witnessed similar declines, but more linked to location, with on-island villas falling as much as 20% compared to a 10% drop in mainland villa rents, Landmark said.

Experts at Landmark Advisory said that as rents are more attractive in Dubai, some residents of Abu Dhabi find it easy to accept the trade-off of living in Dubai and commute to work in Abu Dhabi. As a result, Abu Dhabi landlords have to compete with Dubai's better value, and average rent levels will likely keep declining gradually to mitigate this 'Dubai Effect.'" Nonetheless, despite the decline in Abu Dhabi rents, Abu Dhabi apartments are still 20-40% more expensive than in Dubai.

The statement noted that rents and property prices in Abu Dhabi and Dubai have more than halved over the last 18 months due to the impact of the global financial crisis. Both cities' real estate markets face an uncertain year ahead as significant amounts of housing stock hit markets already struggling stimulate demand. One in four homes is already empty in Dubai, according to analysts.

Bayt.com notes a dip in overall consumer confidence in the MENA region in the past 32 months

Bayt.com issued its December 2009 consumer confidence survey in which it indicated that 9 of 10 countries measured against the base period of August 2007 posted a drop in confidence indices. Indeed, Morocco, Qatar, Saudi Arabia, the United Arab Emirates (UAE), Algeria, Egypt and Kuwait witnessed a drop in the consumer expectations index (CEI), consumer confidence index (CCI), propensity to consume index (PCI) and the employee confidence index (ECI). Lebanon was the only country to improve on all levels from the period to which the confidence survey was pegged, while Syria and Bahrain registered increases respectively in their ECI and PCI.

Regarding the CEI, the UAE saw the highest score decline of 12.4% during the covered 32 months, followed by Saudi Arabia, with a score decline of 12.3%, Kuwait with a score drop of 7.6%, and Morocco with a score drop of 7.3%. On the PCI, the most significant drops were viewed in Morocco, Qatar, and Kuwait, as the first saw its score dipping by 32.8%, the second by 24.0%, and the third by 20.1%. Beside Lebanon, Bahrain was the only country to post an increase of 12.4% in the said index.

Concerning the CCI, the UAE again saw the highest score decline of 24.7%, followed by Morocco with a consumer confidence weakening of 14.1%. Qatar and Kuwait's consumer sentiment edged down by 13.7% and 13.5% correspondingly. The UAE and Qatar also had the most significant decrease in ECI by 23.3% for the first and 19.9% for the second. Alongside Lebanon, Syria's result went up by 1.7%.

Progression of Indices of confidence in the MENA region (December 2009- April 2007)

Country	CEI	PCI	CCI	ECI
Algeria	-6.7	-15.2	-26.4	-2.4
Bahrain	-7.8	11.3	-40.4	-69.1
Egypt	-11.8	-10.9	-50.6	-39.0
Kuwait	-22.6	-21.0	-86.0	-91.9
Lebanon	49.0	16.3	115.3	34.4
Morocco	-20.2	-20.8	-86.1	-24.5
Qatar	-16.0	-26.6	-92.6	-141.3
Saudi Arabia	-26.6	-14.9	-82.5	-72.4
Syria	-7.7	-6.3	-40.2	9.2
UAE	-36.6	-19.6	-125.6	-154.2

Sources: Bayt.com, Bank Audi's Research Department

Furthermore, the study by bayt.com ranked the countries included in the survey in each of the aforementioned indices in December 2009. With respect to the CEI, which measures which measures the variation in the views of consumers regarding overall business conditions in the country, Oman ranked first, followed by Qatar, Algeria, Saudi Arabia, Kuwait, Tunisia, Lebanon, Bahrain, Syria, the UAE, Morocco, Pakistan, Egypt, and Jordan.

In the PCI, which evaluates overall confidence in the country by measuring the variation in consumer spending, Bahrain ranked first, followed by Pakistan, Algeria, Lebanon, Kuwait, Saudi Arabia, Oman, Qatar, Egypt, the UAE, Syria, Tunisia, Morocco, and Jordan.

In the CCI, which measures overall confidence regarding the economic situation in the country, Oman came in first followed by Algeria, Qatar, Saudi Arabia, Bahrain, Kuwait, Lebanon, Pakistan, Tunisia, Syria, Egypt, and the UAE.

In the ECI, which traces variation in sentiment regarding the job market, Oman ranked first, followed by Algeria, Qatar, Tunisia, Egypt, Syria, Kuwait, Morocco, Lebanon, the UAE, Jordan, and Pakistan.

Indices of confidence in the MENA region (December 2009)

Country	CEI	PCI	CCI	ECI
Algeria	281.5	88.7	610.9	603.4
Bahrain	265.5	102.4	556.6	498.2
Egypt	247.3	79.7	523.0	559.5
Jordan	228.7	64.0	446.2	500.2
Kuwait	274.9	83.5	548.5	543.1
Lebanon	266.2	83.8	544.2	524.5
Morocco	254.8	64.0	596.0	528.2
Oman	302.0	82.4	623.0	614.2
Pakistan	253.7	91.9	536.6	486.0
Qatar	284.7	81.0	579.1	570.0
Saudi Arabia	279.0	83.2	569.1	579.2
Syria	260.3	69.7	520.3	558.7
Tunisia	271.6	65.2	532.3	562.2
UAE	259.8	79.4	508.8	506.6

Sources: Bayt.com, Bank Audi's Research Department

As to the appraisal of the present situation in different countries in the MENA region, 34% of respondents in Oman and 33% in Egypt view a better current financial situation making them the most satisfied among the surveyed countries. The UAE seems to have taken a beating as a majority of respondents (40%) claimed that their financial situation is worse than last year. Across all countries, answers reflected hesitancy in incentives for making purchases. Most significantly were Jordan, Morocco, and Tunisia as 53%, 51% and 50% stated that the current period is not an adequate time to increase purchases. On the current business environment, UAE and Bahrain were the most pessimistic with 50% and 57% indicating that it was a bad time. As for employment, all countries reported a low availability of jobs.

CORPORATE NEWS

Mazaya Qatar announces QR 500 million Initial Public Offering

Mazaya Qatar Real Estate Development Company recently launched its QR 500 million Initial Public Offering (IPO).

The company would offer 50 million shares, representing 50% of total capital, for subscription from January 17 to 31. The nominal value per share would be QR 10, to be fully paid upon subscription in order to raise QR 500 million.

Should the IPO be oversubscribed before the closing day, the subscription would remain open until the closing date, according to newswires.

Following an in-depth study and analysis of local and regional market trends, company officials concluded that the current period is a good time to launch projects and to set up investment portfolios based on strong foundations, taking into account the market needs and the supply and demand index.

Established in 2008, Mazaya Qatar Real Estate Development Company specializes in real estate property investment, development, management, consultancy and valuation services.

Fairmont to open Makkah Clock Royal Tower Hotel in Saudi Arabia

US' Hospitality chain Fairmont Hotels and Resorts recently announced the newly-developed Makkah Clock Royal Tower Hotel in Saudi Arabia, which the hospitality chain believes would become a key destination for visitors from the UAE and the rest of the region.

The property would be part of the Abraj Al Bait complex, which includes seven towers. The 858-room hotel would offer Fairmont Gold, the brand's lifestyle product offering, with numerous dining outlets and conference facilities. The 76-floor hotel tower would be among the world's tallest and feature a 40-metre clock, more than five times larger than Big Ben in London, according to company releases. The property is scheduled to open in the third quarter of 2010.

In parallel, Fairmont Hotels has revealed its development pipeline for 2010, with six other new hotels being added to its global portfolio of 59 properties, namely the Savoy, London, which would reopen after a two-year, £100 million (around US$ 163 million) restoration program. The opening is set for the second quarter of 2010. In Shanghai, The Fairmont Peace Hotel is the new name for the newly restored Peace Hotel. Also, China would see the opening of a Fairmont Beijing, while two other properties would be opening in North America, and one in South Africa.

CIB arranges US$ 250 million syndicated term loan for Egyptian Drilling Company

Egypt's Commercial International Bank (CIB) recently signed a 7-year syndicated term loan for a total amount of US$ 250 million with Egyptian Drilling Company (EDC), to finance the purchase of a new off-shore Baker Marine Pacific jack-up rig (BMC Pacific 375).

The rig is currently under construction in Singapore by PPL Shipyard, one of the largest rig builders worldwide, and would be delivered by the summer of 2010.

The syndication was launched into the market on September 15th, 2009 and was closed on December 23rd, 2009 with a total of eight banks including CIB (acting as a facility agent and account bank), Banque du Caire, National Bank of Greece, Export Development Bank of Egypt, National Societe Generale Bank, Credit Agricole Bank of Egypt, Bank of Alexandria and Egyptian Saudi Finance Bank.

Egyptian Drilling Company is an Egyptian oil and gas drilling contractor that operates one of the largest rig fleets- comprising 68 onshore and offshore rigs- providing drilling services to the largest exploration and production companies in Egypt, Saudi Arabia, Libya and Syria. EDC is equally owned by the Egyptian General Petroleum Company (EGPC) and AP Moller - Maersk Group- one of the world's largest groups headquartered in Copenhagen, and engaging in a wide range of activities including drilling, shipping, shipbuilding and energy section (oil & gas).

JAPEX and Petronas sign Iraq oil field deal

Major developer of natural resources Japan Petroleum Exploration Company (JAPEX) and Malaysia's state-run oil firm Petronas have jointly signed a final contract to develop an oil field in southern Iraq, according to JAPEX statements.

The Gharaf oil field, located about 85 km north of Nasiriyah, has an estimated reserve of over 800 million barrels, according to JAPEX. The consortium aims to start production at 50,000 barrels per day (bpd) in 2012 and expand it eventually to 230,000 bpd from 2016 through the oil field and cumulative output is expected to total 1.2 billion barrels during the 20-year service contract, according to the same source.

Under the agreement, renewable for five years, JAPEX would acquire a 30% interest and Petronas a 45% stake respectively, while South Oil Company would hold the remaining 25% stake in the field.

CAPITAL MARKETS

The UAE equity markets dive in the red, down by 6.8%

Arabian equity markets remained stable during this week, inching down by 0.3% relative to the previous week, as per Morgan Stanley Capital International Arabian Markets Index. This tiny decline went in line with a similar decline in global equity markets as per AC MSCI Index.

The UAE equity markets dived in the red during this week, falling by 6.8%, undermined by realty properties. The drop in prices was coupled with a decline in traded volumes, which resulted in a fall in the total trading value of 25%. Arabtec Holding was among the top losers this week, tumbling by 16.6% to AED 2.41, after Aabar Investments announced an offer to buy a 70 percent stake in the company through a convertible bond at 2.3 dirhams per share, in a deal valued at US$ 1.7 billion. The deal was at 20.4% discount to Arabtec's last closing price, which indicated a larger than previously anticipated hit on Arabtec's Dubai receivables. As to Aabar Investments, its share price retreated by 1.2% week-on-week, closing at AED 2.38. It is worth mentioning that the negative sentiment from the said deal has created some drag on local valuations. Emaar slipped by 13.1% relative to the previous week, closing at AED 3.52. Aldar Properties slumped by 11.0% to AED 4.63.

In Saudi Arabia, the Tadawul edged up by 0.4% during this week, while the total trading value surged by 37.2%. The banking stocks were among the top losers with earnings of some banks falling short of analysts' expectations. Arab National Bank's share price ended 1.2% lower at SR 42.90, after announcing a 32% year-on-year fall in its fourth-quarter net profit. Banque Saudi Fransi's share price ended 2.9% lower at SR 40.40. The bank reported a 12% decrease in its net profit for the full year 2009. In addition, Saudi Investment Bank's share price declined by 1.1% to reach SR 18.15 after saying that its net loss for fourth-quarter 2009 deepened 20% relative to the fourth-quarter 2008 to reach SR 109 million on higher provisions. In parallel, Bank Al Jazira's share price fell by 4.7% week-on-week to close at SR 18.10, after announcing that its 4Q net loss widened compared to a year earlier on higher provisions. Samba Financial Group's share price closed 1.9% lower at SR 53.75. The bank announced a 1.1% year-on-year rise in its net profit due to its cost cuts, increased interest income and higher fees. Its performance came slightly below market's forecasts and stemmed mainly from lower than expected operating income.

On the other hand, Kingdom Holding's share price soared by 16.5% to SR 6.00, after the company's chairman and CEO said that he is gearing up the group for major new investments, including Gulf hotel and a one-Kilometer tall tower in Jeddah. Moreover, Saudi Electricity Company's share price decreased by 0.4% to SR 11.40, noting that the company signed a contract with Arabian Bemco Contracting Co. to expand a power plant in the center of the kingdom. Dar Al Arkan Real Estate Development Company's share price closed 1.1% higher at SR 14.20, after announcing a 7% year-on-year rise in its fourth-quarter net profit due to improving sales and profit margins.

Elsewhere in the Gulf region, the Kuwait Stock Exchange declined by 1.6% week-on-week, while the total trading value climbed by 38.1%. Banking and investment stocks were among the top losers. For instance, Global Investment House's share price ended 4.4% lower at KWD 0.088. Shareholders of GIH approved the transfer of investment assets and real estate properties to GIH's wholly owned subsidiaries. In addition, Burgan Bank's share price fell by 8.7%

CAPITAL MARKETS INDICATORS

Market	Price Index	Week-on -week	Year-to-date	Trading Value	Week-on -week	Volume Traded	Market Capitalization	Turnover ratio	P/E	P/BV
Lebanon	146.1	0.5%	1.4%	12.5	51.2%	0.7	12,214.3	5.3%	10.3	1.52
Jordan	152.0	1.3%	1.4%	199.3	28.2%	122.5	32,159.1	32.2%	14.4	1.78
Egypt	847.8	4.1%	8.0%	1,544.8	200.1%	543.2	89,841.8	89.4%	11.6	1.86
Saudi Arabia	401.8	0.4%	3.2%	4,048.2	37.2%	730.0	328,718.9	64.0%	17.6	2.07
Qatar	599.7	-2.4%	-1.9%	372.4	58.9%	40.4	83,707.4	23.1%	12.0	1.93
UAE	221.6	-6.8%	-3.4%	897.4	-25.0%	1,641.9	134,247.3	34.8%	10.5	1.07
Oman	865.2	-0.2%	3.4%	77.9	-33.7%	74.9	17,795.3	22.8%	12.0	1.79
Bahrain	334.3	1.8%	0.7%	5.3	112.0%	10.8	17,120.3	1.6%	9.1	1.10
Kuwait	550.8	-1.6%	-0.7%	1,012.9	38.1%	2,667.6	95,303.1	55.3%	13.4	1.31
Morocco	440.7	1.1%	5.7%	99.3	-44.2%	3.9	67,174.9	7.7%	19.3	3.93
Tunisia	1,263.8	1.8%	7.6%	-	-	4.3	9,523.9	-	-	-
Arabian Markets	**480.5**	**-0.3%**	**2.1%**	**8,270.1**	**35.8%**	**5,835.9**	**878,282.4**	**49.0%**	**14.0**	**1.71**

Values in US$ million; volumes in millions

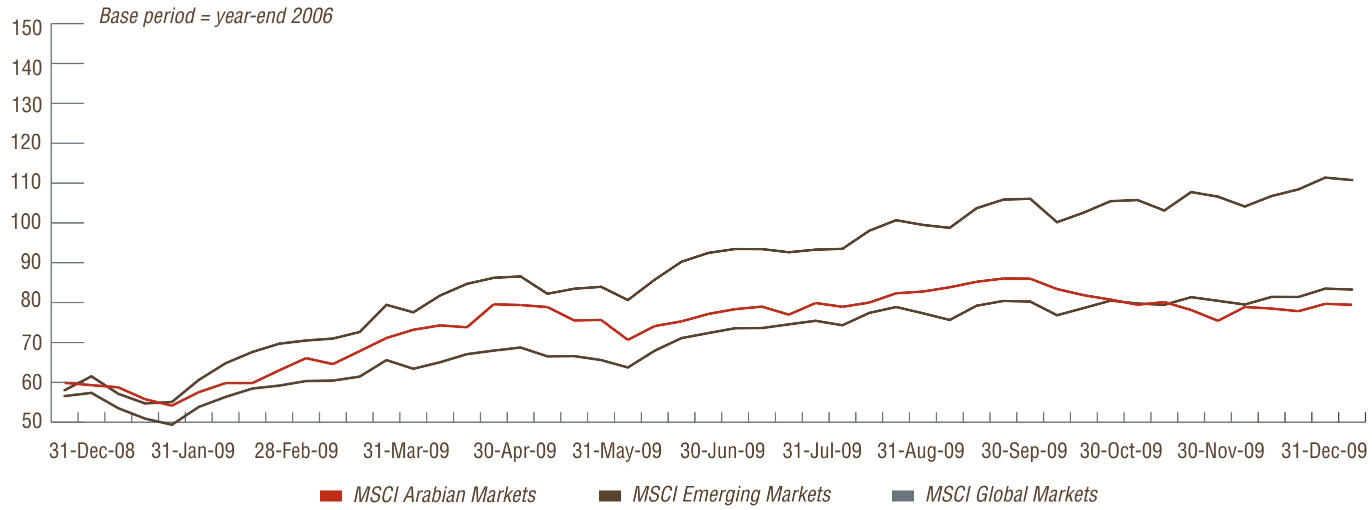
Sources: MSCI Barra, Zawya Investor, Bank Audi's Research Department

NB: Tunisia's figures are not all available yet, and have therefore been excluded from aggregate Arabian Markets figures to KWD 0.315. It is worth mentioning that the bank approved plans to boost its share capital by 35% to KWD 140.1 million to fund expansion plans. On the other hand, agility extended gains, with its share price rising by 4.9% to KWD 0.64. Many investors speculated about a possible out-of-court settlement for agility after rescheduling its appearance in a US court over a legal case relating to alleged overcharging of the US Department of Defense on US$ 8.5 billion worth of contracts, to January 29 from January 8.

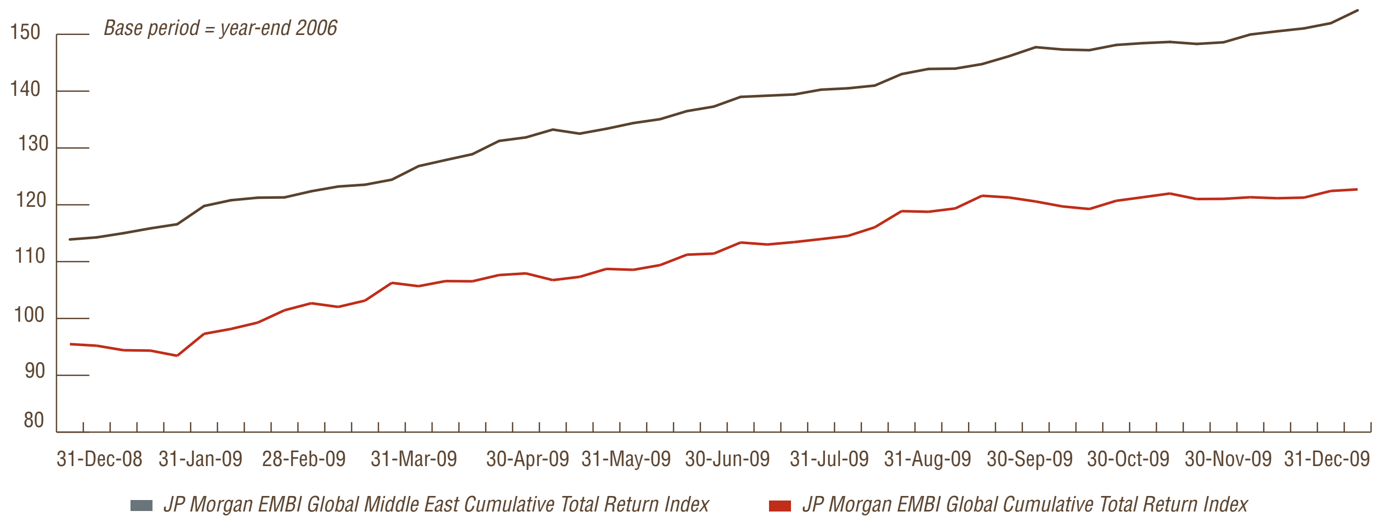
The Qatar Exchange moved down by 2.4% week-on-week, while the total trading value jumped by 58.9%. The decline in prices was undermined by banking and industrial stocks. Commercial Bank of Qatar slipped by 4.6% to QR 60.20. Industries Qatar's share price fell by 2.5% to QR 112.30. Qatar National Bank's share price remained stable at QR 152.20, despite announcing a 65% jump in its fourth-quarter results as the latter was already priced in. On the other hand, Barwa Real Estate was among the top losers this week, dropping by 9.1% to QR 30. Alaqaria's share price surged by 12.2% to QR 31.20. Both companies said they agreed on initial terms for their planned merger, under which each Alaqaria share will be exchanged for 1.1 shares in Barwa. The enlarged Barwa Group will be the ninth largest company on the Qatar Exchange with a market capitalization of QR 11.1 billion.

Outside the Gulf region, the Egyptian Exchange surged by 4.1% this week, while the trading value soared by a tangible 200%. Orascom Construction's share price rose by 6.5% to LE 262.80. Orascom Telecom's share price closed 5.0% higher at LE 28.81.

Equity Markets Performance: Arab Markets v/s Benchmarks



Fixed Income Markets Performance: Arab Markets v/s Benchmarks



SOVEREIGN RATINGS

	Standard & Poor's	Moody's	Fitch	EIU
LEVANT				
Lebanon	B/Positive/B	B2/Positive	B-/Stable/B	CCC/Stable
Syria	NR	NR	NR	CCC/Stable
Jordan	BB/Stable/B	Ba2/Stable	NR	B/Stable
Egypt	BB+/Stable/B	Ba1/Stable	BB+/Stable/B	BB/Stable
Iraq	NR	NR	NR	CC/Stable
GULF				
Saudi Arabia	AA-/Stable/A-1+	A1/Positive	AA-/Stable/F1+	BBB/Stable
UAE	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+	BB/Stable
Qatar	AA-/Stable/A-1+	Aa2/Stable	NR	A/Stable
Kuwait	AA-/Stable/A-1+	Aa2/Negative	AA/Stable/F1+	A/Stable
Bahrain	A/Stable/A-1	A2/Negative	A/Stable/F1	BBB/Stable
Oman	A/Stable/A-1	A2/Stable	NR	A/Stable
Yemen	NR	NR	NR	CC/Stable
NORTH AFRICA				
Algeria	NR	NR	NR	BBB/Negative
Morocco	BB+/Stable/B	Ba1/Stable	BBB-/Stable/F3	BB/Stable
Tunisia	BBB/Stable/A-3	Baa2/Stable	BBB/Stable/F2	BB/Stable
Libya	NR	NR	BBB+/Stable/F2	BB/Stable
Sudan	NR	NR	NR	C/Stable

NR = Not Rated

INTERNATIONAL MARKET RATES

	15-Jan-10	8-Jan-10	31-Dec-09	Weekly change	Year-to-date change
US Prime Rate	3.25%	3.25%	3.25%	0.00%	0.00%
3-M Libor	0.25%	0.25%	0.25%	0.00%	0.00%
US Discount Rate	0.50%	0.50%	0.50%	0.00%	0.00%
US 10-year bond	3.81%	3.83%	3.84%	-0.02%	-0.03%

FX RATES (per US$)

	15-Jan-10	8-Jan-10	31-Dec-09	Weekly change	Year-to-date change
LEVANT					
Lebanese Pound (LBP)	1,507.50	1,507.50	1,507.50	0.0%	0.0%
Syrian Pound (SYP)	45.60	45.70	45.75	-0.2%	-0.3%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	5.42	5.45	5.49	-0.5%	-1.1%
Iraqi Dinar (IQD)	1,150.00	1,150.00	1,150.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	-0.1%	-0.1%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.1%	0.0%
Kuwaiti Dinar (KWD)	0.29	0.29	0.29	0.1%	-0.1%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	-0.3%	-0.3%
Yemeni Riyal (YER)	203.00	203.00	203.00	0.0%	0.0%
NORTH AFRICA					
Algerian Dinar (DZD)	70.25	70.31	70.42	-0.1%	-0.2%
Moroccan Dirham (MAD)	7.87	7.86	7.88	0.2%	-0.1%
Tunisian Dinar (TND)	1.32	1.31	1.32	0.4%	-0.6%
Libyan Dinar (LYD)	1.22	1.23	1.23	-0.7%	-0.6%
Sudanese Pound (SDG)	2.24	2.24	2.24	0.0%	-0.1%

COMMODITIES (in US$)

	15-Jan-10	8-Jan-10	31-Dec-09	Weekly change	Year-to-date change
Crude oil barrel (Brent)	76.1	80.7	77.7	-5.7%	-2.0%
Gold ounce	1,129.90	1,136.1	1,095.7	-0.5%	3.1%
Silver ounce	18.4	18.4	16.8	-0.4%	9.1%
Platinum ounce	1,599.0	1,575.0	1,467.0	1.5%	9.0%

CONTACTS

Treasury and Capital Markets
Micky Chebli (961-1) 977419 micky.chebli@banqueaudi.com
Emile Shalala (961-1) 977622 emile.shalala@banqueaudi.com

Private Banking
Toufic Aouad (961-1) 329328 toufic.aouad@audisaradarpb.com

Corporate Banking
Khalil Debs (961-1) 977229 khalil.debs@asib.com

Group Research Department
Marwan Barakat (961-1) 977409 marwan.barakat@banqueaudi.com
Jamil Naayem (961-1) 977406 jamil.naayem@banqueaudi.com
Salma Saad Baba (961-1) 977346 salma.baba@banqueaudi.com
Rana Helou (961-1) 964763 rana.helou@banqueaudi.com
Lea Korkmaz (961-1) 964904 lea.korkmaz@banqueaudi.com
Fadi Kanso (961-1) 977470 fadi.kanso@banqueaudi.com
Nathalie Ghorayeb (961-1) 964047 nathalie.ghorayeb@banqueaudi.com

Bank Audi sal
Audi Saradar Group