

# The MENA Weekly Monitor

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The Middle East and North Africa (MENA) region was less sharply impacted by the global financial crisis than other areas, with overall GDP growth slowing to 2.9% in 2009 and projected to grow more robustly at 3.7% this year and 4.4% in 2011.

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The World Bank issued the 2010 edition of Connecting to Compete in which it recaps the dataset of the Logistics Performance Index (LPI) and its component indicators. The UAE topped the 15 MENA countries and came 24th globally with a score of 3.63 out of 5 points.

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Italian oil group Eni, US' Occidental Petroleum Corporation (Oxy) and Korea Gas Corporation (KOGAS) recently announced that they have signed a contract with Iraq's state-owned South Oil Company (SOC) and Missan Oil Company to redevelop the Zubair field in southern Iraq.

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### p.6 ► **Almost no change in Arabian equity markets week-on-week**

Arabian equity markets remained almost unchanged during this week, as reflected by a 0.4% increase in the Morgan Stanley Capital International Arabian Markets Index, while the global equity markets tumbled by 3.9%. The Egyptian Exchange was again the best performer this week, surging by 2.5%. Orascom Telecom, Orascom Construction Industries, and Commercial International Bank led the advance, noting that foreigners were net buyers in the market. In the Gulf region, the Saudi Tadawul moved up by 1.2% this week, mainly driven by petrochemical stocks. For instance, SABIC's share price increased week-on-week after announcing more than expected fourth quarter 2009 net profit. The Kuwait Stock Exchange remained stable, edging down by 0.2% relative to the previous week. It is worth mentioning that Kuwait's parliament approved this week a bill to set up for the first time an independent regulator to oversee the Arab world's second-largest stock market. This move is expected to improve the stock market's transparency and to attract more international investors. The Qatar Exchange declined by 0.7% this week, undermined by banking stocks. Elsewhere in the Gulf region, the UAE equity markets traded in low volumes while prices tumbled by 3.5% week-on-week. The UAE markets saw lack of buying interest since the beginning of the year 2010, with the real estate shares topping the losers list.

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

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## ► ECONOMY

### World Bank forecasts average MENA real GDP growth at 3.7% in 2010 and 4.7% in 2011

The Middle East and North Africa (MENA) region was less sharply impacted by the global financial crisis than other areas, with overall GDP growth slowing to 2.9% in 2009 and projected to grow more robustly at 3.7% this year and 4.4% in 2011, according to the Global Economic Prospectus 2010 report released by the World Bank this week.

Growth among oil importing developing countries was an estimated 4.7% in 2009 while growth in developing oil exporting countries eased to 1.6%, reflecting production restraint and reduced oil revenues.

The World Bank said in its report that the region's recovery is dependent on the revival in global oil demand, stabilizing oil prices and a rebound in key export markets. Despite a gradual withdrawal of fiscal stimulus measures, moderate advances in consumer and capital spending are expected to underpin firmer growth.

It said GDP in high-income GCC economies is estimated to have contracted by 0.6% in 2009 following a firm 4.6% in the preceding year, as the sharp slide in oil production and revenues dampened output. The report said oil exporters were less adversely affected, but food import bills widened sharply.

The World Bank report said that prospects for both the developing and high-income economies of MENA should improve through 2011. Growth is projected to increase to 4.4% by that year, the same pace registered on average between 1995 and 2005. Though domestic absorption will be a continuing source of strength, the forecast for regional recovery is premised on a revival in global oil demand, firming oil prices, and a rebound in key export markets. Despite the gradual withdrawal of fiscal stimulus measures, moderate advances in consumer and capital spending are expected to underpin the strengthening of growth.

Also, the bank noted that oil prices are expected to remain broadly stable over the projection period, at about US\$ 75 a barrel. Stronger global activity should allow for crude oil and gas production to return to positive growth, implying moderate revenue gains.

The study, however, warned that despite favorable outlook for 2010-11, the region remains subject to substantial downside risks because a deeper and more protracted global recession cannot be ruled out. Further, reform efforts, some initiated during the crisis period, could receive less attention and commitment once economic conditions start to normalize. The World Bank, however, ruled out a sys-

temic crisis from Dubai World issue because Dubai has well-diversified holdings, but it may have an impact on the balance sheets of local and regional banks.

#### MENA country forecasts (net oil-importers)

	Real GDP growth (%)			Current account balance (% of GDP)		
	2008	2009	2010	2008	2009	2010
Algeria	3.0	2.1	3.9	20.8	-3.4	2.7
Egypt	7.2	4.7	5.2	-0.9	-3.2	-3.5
Iran	2.5	1.0	2.2	22.2	7.5	3.6
Jordan	7.9	3.2	3.9	-11.4	-10.1	-9.7
Lebanon	8.5	7.0	7.0	-20.5	-14.5	-15.2
Morocco	5.6	5.0	3.0	-5.4	-5.9	-5.7
Syria	5.2	3.0	4.0	-4.0	-3.2	-4.3
Tunisia	4.5	3.3	3.8	-4.2	-3.5	-2.6
Yemen	3.6	4.2	7.3	-5.6	-5.2	-2.3

Sources: World Bank, Bank Audi's Research Department

### Moody's anticipates a recovery in creditworthiness of GCC firms in 2010

Gulf businesses' creditworthiness will slowly recover over this year, Moody's Investor Services said in a report issued this week. A number of high-profile issues with repaying debts, such as Dubai World's restructuring of US\$ 22 billion in loans and the problems experienced by Saudi family conglomerates damaged the Gulf corporate landscape last year, according to the Moody's report.

The study noted that in previous years, the number of publicly known corporate defaults in the region had been negligible and the GCC demonstrated a highly interventionist and creditor-friendly track record. However, as 2009 progressed and problems started to arise, many Gulf companies had their credit ratings downgraded. Indeed, the average rating in the Gulf migrated from A1 in 2008 to Baa1 in 2009.

Despite this, Moody's expects corporate credit to stabilize this year in line with a gradual recovery of the global economy, but also on the back of some more rapidly recovering domestic economies. The main drivers of credit quality would be industry-specific fundamentals as well as the companies' ability to improve liquidity profiles and to extend debt maturities, which have remained comparatively short and clustered. Moody's also anticipates a rise in corporate issuance from "high quality" issuers as companies move from short term loans to longer maturities reduce their reliance on rollover bank lending.

### Proleads estimates hotel projects under construction in the GCC at US\$ 7 billion

Hotel projects worth US\$ 7 billion are currently under construction across the GCC, as per the latest research pub-

lished by Dubai-based Proleads, a research company, with a focus on the construction markets in major sectors

According to figures from Proleads, most are in the UAE (US\$ 4.4 billion) followed by Saudi Arabia (US\$ 1.2 billion), Qatar (US\$ 620 million), Bahrain (US\$ 490 million), Oman (US\$ 300 million) and Kuwait (US\$ 90 million).

UK hotel real estate research company Lodging Econometrics also revealed that the Middle East is likely to see 98 new hotels with 29,226 rooms opening in 2010 and 115 hotels with 33,765 rooms in 2011. According to Lodging Econometrics, it has undoubtedly been a tough time for the hospitality industry on a worldwide basis in 2009 and the Middle East has not escaped totally unscathed. However, set against global trends, the region is still comfortably placed when compared with the rest of the world. While the number of hotel projects under construction in the Middle East has slowed down, as regional economies react to the challenges of the global economic conditions, the pace still remains considerably better than most.

### **Shuaa Capital expects real GDP growth of 2.5% in the UAE in 2010**

The UAE's GDP in real terms will grow 2.5% this year, according to a report released yesterday by Shuaa Capital, a regional investment bank. The report said that the growth will be led by Abu Dhabi as it benefits from a recovery in oil prices and production. Strong growth in the non-hydrocarbon sector supported by government investment and spending will also help.

In the report, UAE Vision 2010, Abu Dhabi's year-on-year GDP contracted 2.7% in 2009 while Dubai's GDP contracted by 5%. The report said that Abu Dhabi was affected by a decrease in oil production, while Dubai's economy experienced real estate sector difficulties. The UAE economy saw an overall contraction of 3.5% in 2009, according to the report.

This year, GDP growth in Abu Dhabi is forecast at 4.1%, while Dubai will see a slight contraction of 0.4%. The key construction and real estate sector continues to be a drag on growth in the emirate. The real estate sector is unlikely to experience a recovery until mid-2011. Studying the major listed companies in the UAE, the report said that corporate earnings in 2010 would see an aggregate growth of 17%. This growth comes after an estimated earnings contraction of up to 20% in 2009. Slower balance sheet growth in the banking sector, as well as deterioration in the asset quality, resulted in higher provisioning and a decrease in earnings by about 15% in 2009.

Meanwhile, the report said that Abu Dhabi banks will witness double digit growth and Dubai banks will suffer either from a continued decrease in earnings or a relatively flattish forecast. The report forecast that customer deposits will grow by 8% in 2010, leading to us\$ 22.8 billion net liquidity addition for the year. However, this will be matched by a slower six per cent growth in lending as we expect banks to remain selective in their lending policies. Essentially, banks' net earnings were expected to fall by 15% in 2009 and recover by 8-10%.

### **Fitch ratings anticipates positive outlook for Saudi banks in 2010**

In a recent report, Fitch Ratings said that 2009 proved to be, as anticipated by the ratings agency, a challenging year for banks in Saudi Arabia as the full impact of the global economic crisis caught up with the region, reflected in rising loan impairments and a rapid slowdown in lending. The preliminary 2009 results released by the 10 main Saudi commercial banks rated by Fitch showed different trends in net income in 2009, with Q409 being the worst quarter of the year.

Nevertheless, Fitch believes that the performance of Saudi banks will improve in 2010 as economic conditions improve. After witnessing declining levels of lending in 2009, as banks became more cautious given the more challenging operating environment, Fitch expects loan growth to resume in 2010, although not at the rates seen in 2008.

In addition, the 10 main commercial banks in Saudi Arabia rated by Fitch remain amongst the highest-rated banks across the Gulf Cooperation Council (GCC) region. Their Long-term Issuer Default Ratings largely remain driven by the extremely high probability of support from the Saudi Arabian government (rated 'AA-/Stable Outlook) and are unlikely to change unless the Sovereign rating changes. Their Individual Ratings reflect their generally sound domestic franchises and financial strength.

Fitch notes that five of the 10 largest commercial banks operating in Saudi Arabia showed improvements in their net income y-o-y, but overall growth in total net income for all 10 banks stagnated in 2009 y-o-y (2008: -14.2%). Areas of concern included lower domestic economic growth, mainly reflecting lower oil revenues and exports, and the negative impact on asset quality of recent rapid credit growth as well as problematic exposures to some large Saudi trading groups (primarily Algosaiabi and Saad). However, at this stage, Fitch does not expect to see further downgrades of Individual Ratings in 2010.

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## ► SURVEYS

### **The UAE leads the World Bank's 2010 LPI, and Iraq lags behind**

The World Bank issued the 2010 edition of Connecting to Compete in which it recaps the dataset of the Logistics Performance Index (LPI) and its component indicators. The UAE topped the 15 MENA countries and came 24th globally with a score of 3.63 out of 5 points. Regionally, it came ahead of Bahrain (3.37 out of 5), Lebanon (3.34), and Kuwait (3.28). Internationally, it outperformed Spain, Czech Republic and China while it laid behind New Zealand, Italy and the Republic of Korea.

The LPI is a multidimensional assessment of logistics performance, rated on a scale from one (worst) to five (best). It uses more than 5,000 individual country assessments made by nearly 1,000 international freight forwarders to compare the trade logistics profiles of 155 countries. The International LPI encompasses data on six core dimensions of performance or sub-indicators into a single measure.

The first sub indicator is customs or the efficiency of the clearance process. The UAE, which scored 3.49 points, was placed 21st globally, ahead of Spain, Italy and Oman. Regionally, it came 1st followed by Oman (3.38), Lebanon (3.27) and Bahrain (3.05). On the other end of the scale were Egypt (2.11), Iraq (2.07) and Sudan (2.02).

The second sub indicator was the quality of trade and transport related infrastructure. The UAE ranked first on the regional level scoring 3.81 out of 5 points, better than Bahrain (3.36), Kuwait (3.33), and Saudi Arabia (3.27). Libya, Sudan and Iraq were the weakest with a respective score of 2.18, 1.78, and 1.73 points. On the international level, the UAE was 17th, thus surpassing Australia, Ireland, and Italy.

The third sub indicator was international shipments or the ease of arranging competitively priced shipments. Regionally, the first three were the UAE (3.48), Tunisia (3.36) and Kuwait (3.12) while the last three were Libya (2.28), Iraq (2.2) and Sudan (2.11). Globally, the UAE, 14th, exceeded the Republic of Korea, Denmark, and the Czech Republic.

The fourth sub indicator was competence and quality of logistics services. Within the MENA region, the top three were Lebanon (3.73), UAE (3.53), and Bahrain (3.36) and at the end were Libya (2.28), Sudan (2.15) and Iraq (2.1). Globally, Lebanon outperformed Austria, Luxembourg and Taiwan (China).

The fifth sub indicator was the ability to track and trace consignments. Bahrain (3.63), UAE (3.58), and Kuwait (3.44) were the best performers amongst MENA countries while Oman (2.04), Sudan (2.02) and Iraq (1.96) were last.

Globally, Bahrain outdid the Czech Republic, UAE, and Latvia.

Finally, the sixth sub indicator was the timeliness or the frequency with which shipments reach the consignee within the scheduled or expected delivery time. In the MENA region, Qatar (4.09), Lebanon (3.97) and the UAE (3.94) were the most accurate Sudan (3.09), Libya (2.98) and Iraq (2.49) were the least timely.

### **Bahrain tops the United Nation's 2010 e-government index, Sudan comes last**

The United Nations' Electronic Government Readiness Index for 2010 ranked Bahrain in 13th place among 183 countries worldwide and 1st among 19 countries in the MENA region. With a result of 0.7363, the country outperformed the UAE (0.5349), Kuwait (0.5290) and Jordan (0.5278) within the region, and New Zealand, Germany and Belgium globally. Syria, Iraq, and Sudan were the weakest performers among regional peers with a respective score of 0.3103, 0.2996, and 0.2542.

The index provides a quantitative appraisal of the use of e-government as a tool in the delivery of services to the public at large. It is a composite index based on website assessment, telecommunications infrastructure and human resources.

The first sub index was the online service component or the Web Measure which reflects governments' ability to deliver online services to their citizens. Within the MENA region, Bahrain (0.7302), Jordan (0.5333), Egypt (0.5302) and Tunisia (0.4825). Globally, each of the said countries ranked respectively 8th, 22nd and 23rd and 30th. Regionally, Algeria, Yemen and Syria were at the lower end with a corresponding global rank of 148th, 167th and 170th.

The second sub-index was telecommunications infrastructure which includes five variables reflecting a country's infrastructure capacity as they relate to the delivery of e-government. The variables cover the penetration of personal computers, telephone lines, television sets, internet usage, online population and mobile subscriptions. Bahrain (0.5855), UAE (0.5434), Saudi Arabia (0.4031) and Qatar (0.3168) held the best infrastructure in the region with a corresponding global rank of 19th, 25th, 44th, and 57th.

The third sub index was Human Capital which reflects the adult literacy rate and the combined primary, secondary and tertiary gross enrolment ratios. In the MENA region, Bahrain (0.6714), Tunisia (0.3000), Egypt (0.2857) and Jordan (0.2857) had the highest e-participation level with a corresponding global ranking of 11th, 39th and 42 for the two latter countries.

## ► CORPORATE NEWS

### **Italy's Eni, Occidental Petroleum and Korea Gas Corporation sign technical service contract with Iraq's South Oil Company and Missan Oil Company to redevelop Zubair field**

Italian oil group Eni, US' Occidental Petroleum Corporation (Oxy) and Korea Gas Corporation (KOGAS) recently announced that they have signed a contract with Iraq's state-owned South Oil Company (SOC) and Missan Oil Company to redevelop the Zubair field in southern Iraq.

The consortium, led by Eni (32.81%) with partners Missan Oil Company (25%), Oxy (23.44%), and KOGAS (18.75%), plans to increase production in the Zubair field to 1.2 million barrels of oil per day, representing an increase of more than 1 million barrels of oil per day.

According to Eni's press release, the consortium would earn US\$ 2 per barrel on the incremental oil production once production has been raised by 10% from its current level of approximately 200,000 barrels of oil per day and would recover its expenditures through a cost recovery mechanism. The consortium plans to invest approximately US\$ 20 billion over the 20 year contract, which has possible extension to 25 years, according to the same source.

### **UAE's Masdar and E.ON Climate & Renewables establish new carbon project development joint venture**

UAE's Masdar, a wholly-owned subsidiary of Mubadala Development Company, a leading business development and investment company in Abu Dhabi, and E.ON, a world's leading utility company, recently announced an agreement to establish E.ON Masdar Integrated Carbon (EMIC), a joint venture company focused on developing carbon emission reduction projects on the global market.

Headquartered in Abu Dhabi, EMIC would capitalize on the growth in the carbon market to monetize emission reductions resulting from improving the energy efficiency of industrial facilities. The company would develop, finance and implement projects in the Middle East, Africa and Asia with a particular focus on power generation and oil and gas. The emission reductions would be monetized in the form of carbon credits and traded under the current United Nations based Clean Development Mechanism or other applicable future international climate trading schemes, according to company officials.

The new joint venture is aimed at identifying and developing opportunities within the target markets. Projects would focus on technologies with large carbon abatement reduction potential, namely fuel switching, open cycle to combined cycle gas turbine conversion, gas pipeline leakage reduction and gas flare reduction, according to the same source

E.ON Climate & Renewables, headquartered in Düsseldorf, Germany, is responsible for E.ON Group's global renewables and carbon sourcing activities. E.ON Climate & Renewables currently has 2.9 GW of renewable capacity in operation which makes the company a leading global renewable energy player.

Masdar is Abu Dhabi's multi-faceted initiative advancing the development, commercialization and deployment of renewable and alternative energy technologies and solutions. Masdar is driven by the Abu Dhabi Future Energy Company (ADFE), a wholly owned company of the government of Abu Dhabi through the Mubadala Development Company.

### **Arabtec Construction won US\$ 189.5 million Bridge Towers project in Qatar**

Arabtec Construction WLL, a partnership between Arabtec Holding PJSC and Nasser Bin Khaled Al Thani & Sons Holding Company, has received a Letter of Award to build the Bridge Towers (office and hotel towers) in Doha, Qatar with a contract valued at AED 696 million (US\$ 189.5 million).

The project comprises of two buildings, with two basement levels, a ground level, three podium levels and 45 floor office tower and 45 floor five star hotel tower. The works would include structural, civil, electro-mechanical and external works. The project duration is 30 months, according to company releases.

Arabtec Holding PJSC, formerly known as Arab Technical Construction Company PJSC, is a Public Joint Stock Limited Liability Company formed in 2004 to invest in the contracting sector through establishing, acquiring and owning shares in construction related companies in the UAE and abroad. Arabtec Construction LLC, Austrian Arabian Ready Mix Concrete Co. LLC and Arabtec Pre-cast LLC are wholly owned subsidiaries of Arabtec.

### **Rolls-Royce in deal with Saudi Arabia's King Abdullah University of Science and Technology**

Rolls-Royce, the global power systems provider, recently said it would become a founding member of the King Abdullah University of Science and Technology (KAUST) Industrial Collaboration Program. Under this program, the university would contribute in developing technologies for use in Rolls-Royce products.

Rolls-Royce is active in the aerospace, marine and energy sectors in Saudi Arabia, with a client list that includes Royal Saudi Air Force, Saudi Aramco and Saudi Arabian Airlines. Globally, it has a customer base that includes more than 4,000 aircraft and helicopter operators, 600 airlines, 2,000 marine customers and energy customers in nearly 120 countries.

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## ► CAPITAL MARKETS

### The Egyptian Exchange pursues its upward slope

Arabian equity markets remained almost unchanged during this week, as reflected by a 0.4% increase in the Morgan Stanley Capital International Arabian Markets Index, while the global equity markets tumbled by 3.9%.

The Egyptian Exchange was again the best performer this week, surging by 2.5% week-on-week. Orascom Telecom, Orascom Construction Industries, and Commercial International Bank led the advance, noting that foreigners were net buyers in the market. In details, Orascom Telecom's share price increased by 4.0% to LE 29.96. Orascom Construction Industries traded 2.7% higher to close at LE 270.00. Commercial International Bank's share price went up by 4.5% to reach LE 60.69.

In the Gulf region, the Tadawul in Saudi Arabia moved up by 1.2% this week, mainly driven by petrochemical stocks. For instance, SABIC's share price increased by 2.0% to close at SR 89.75 after announcing that its fourth quarter profit surged more than expected as the global recovery lifted demand for plastics and fertilizers. In fact, SABIC's earnings hiked to SR 4.58 billion from SR 310 million a year earlier. Credit Suisse raised SABIC's target price to SR 120 from SR 95, and kept its outperform rating. Rabigh Refining and Petrochemical Company's share price edged up by a tiny 0.3% to close at SR 34.90. The company said that its fourth-quarter net loss narrowed to SR 180.7 million from SR 902.8 million in the corresponding period of the previous year due to better profit margins. In contrast, Sahara Petrochemicals Company's share price declined by 5.3% to SR 21.30, despite posting a fourth-quarter 2009 net profit of SR 52.9 million as compared with a net loss of SR 7.8 million in the fourth-quarter of 2008, on higher sales of ethyl-

ene and polyethylene. On the other hand, Kingdom Holding's share price soared by 17.5% to close SR 7.05. The company posted its fourth consecutive quarterly profit this week after writing off almost half its equity. In addition, Saudi Telecom Company, the largest telecom operator in the Middle East, reported a 2.7% increase in its share price to reach SR 45.90. STC's fourth quarter net profit more than doubled on a one-time gain from the listing of Maxis Group, its Malaysian joint venture.

The Kuwait Stock Exchange remained stable week-on-week, edging down by 0.2% relative to the previous week. Aviation Lease and Finance Company's share price increased by 1.0% to KWD 0.204. The company said that its fourth quarter 2009 net profit rose by 54% To KWD 2.3 million from a year earlier as the company leased more aircraft. On the other hand, Commercial Bank of Kuwait's share price lost 1.0% to KWD 0.950. The country's third largest lender by market value said that all five remaining members of its board tendered their resignation on January 12. Last but not least, it is worth mentioning that Kuwait's parliament approved a bill to set up for the first time an independent regulator to oversee the Arab world's second-largest stock market. This move is expected to improve the market's transparency and attract more international investors.

The Qatar Exchange declined by 0.7% week,-on-week, undermined by banking stocks. Commercial Bank of Qatar's share price slipped by 0.5% to QR 59.90, noting that the bank posted a 33% leap in its fourth-quarter net profit. Qatar Islamic bank's share price finished 2.9% lower at QR 73.10. The lender posted a 24% drop in fourth quarter 2009 net profit as compared with the corresponding period of the previous year.

### 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	144.8	-0.9%	0.5%	928.6	7340.5%	10.4	12,107.9	398.8%	10.3	1.53
Jordan	149.9	-1.4%	0.0%	155.5	-22.0%	92.5	31,702.4	25.5%	14.2	1.75
Egypt	868.7	2.5%	10.7%	1,272.9	-17.6%	632.2	91,523.4	72.3%	11.4	1.83
Saudi Arabia	406.5	1.2%	4.4%	5,105.8	26.1%	986.7	337,927.7	78.6%	16.9	2.07
Qatar	595.3	-0.7%	-2.6%	274.6	-26.3%	26.3	82,835.6	17.2%	11.8	1.85
UAE	213.9	-3.5%	-6.7%	596.3	-33.6%	1,094.1	131,832.2	23.5%	10.2	1.04
Oman	846.1	-2.2%	1.1%	59.1	-24.2%	51.9	17,433.3	17.6%	11.8	1.76
Bahrain	335.1	0.2%	0.9%	5.3	-1.1%	8.7	17,189.4	1.6%	9.0	1.10
Kuwait	549.8	-0.2%	-0.8%	1,169.2	15.4%	3,319.5	95,242.8	63.8%	13.3	1.31
Morocco	441.5	0.2%	5.9%	141.4	42.3%	5.1	66,045.5	11.1%	18.9	3.86
Tunisia	1,246.4	-1.4%	6.2%	-	-	5.7	9,506.3	-	-	-
<b>Arabian Markets</b>	<b>482.4</b>	<b>0.4%</b>	<b>2.5%</b>	<b>9,708.5</b>	<b>17.4%</b>	<b>6,227.4</b>	<b>883,840.1</b>	<b>57.1%</b>	<b>13.7</b>	<b>1.69</b>

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

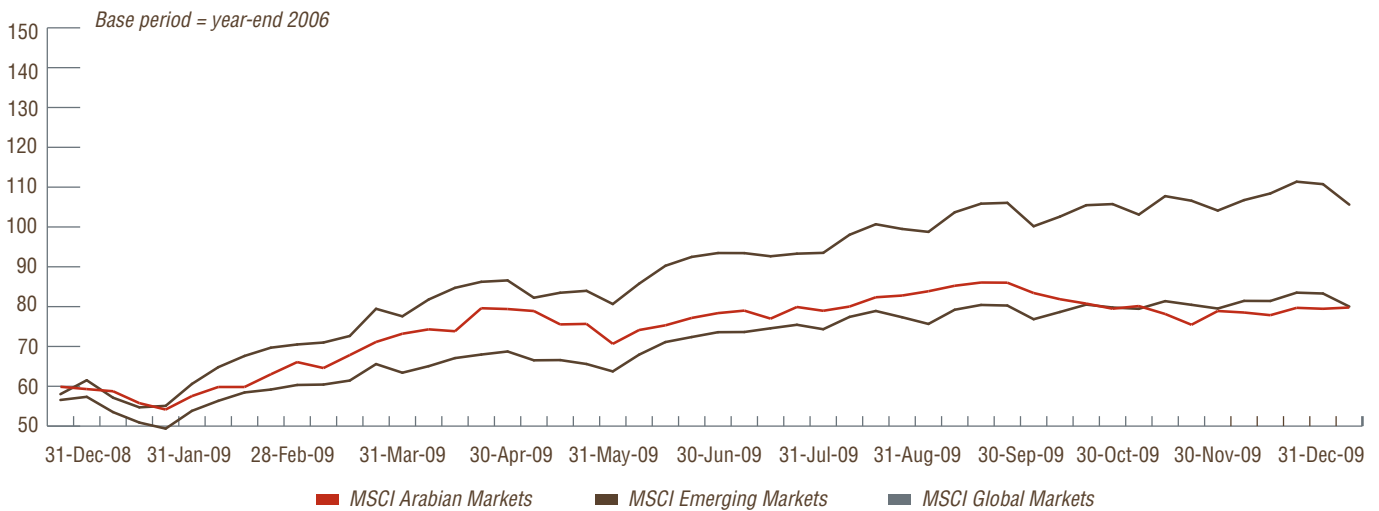
The UAE equity markets traded in low volumes in view of lack of buying interest, while prices tumbled by 3.5% week-on-week. Real estate shares topped the losers list. Arabtec Holding's share price ended 2.1% lower at AED 2.36. It is worth mentioning that Arabtec Construction, a unit of Arabtec Holding, won a contract worth AED 696 million to build the Bridge Towers in Doha, Qatar. In addition, Arabtec Construction and Al Mikawilon Contracting Co. joint venture had signed an AED 44.7 million agreement with the Nablus Municipality in Palestine for the Water Loss Reduction Phase Two project. This is another step in the company's expansion around the MENA region and diversification away from Dubai. UBS cut Arabtec Holding's target price to AED 2.40 from AED 3.40. On the other hand, Aldar Properties' share price declined by 4.8%

week-on-week to AED 4.41. Deutsche Bank lowered Aldar Properties' target price to AED 7.1 from AED 8.69, yet kept its buy rating. In addition, Emaar's share price moved down by 6.5% to AED 3.29. The company said that its losses in the fourth quarter of 2009 widened by 38% to SR 69.8 million on lower than planned sales. DP World's share price went up by 6.0% to AED 0.53. Citigroup said that DP World is well placed to benefit from the expected bias of 2010 economic growth to non-European emerging markets. Citigroup has DP World at buy rating, target price at US\$ 0.66.

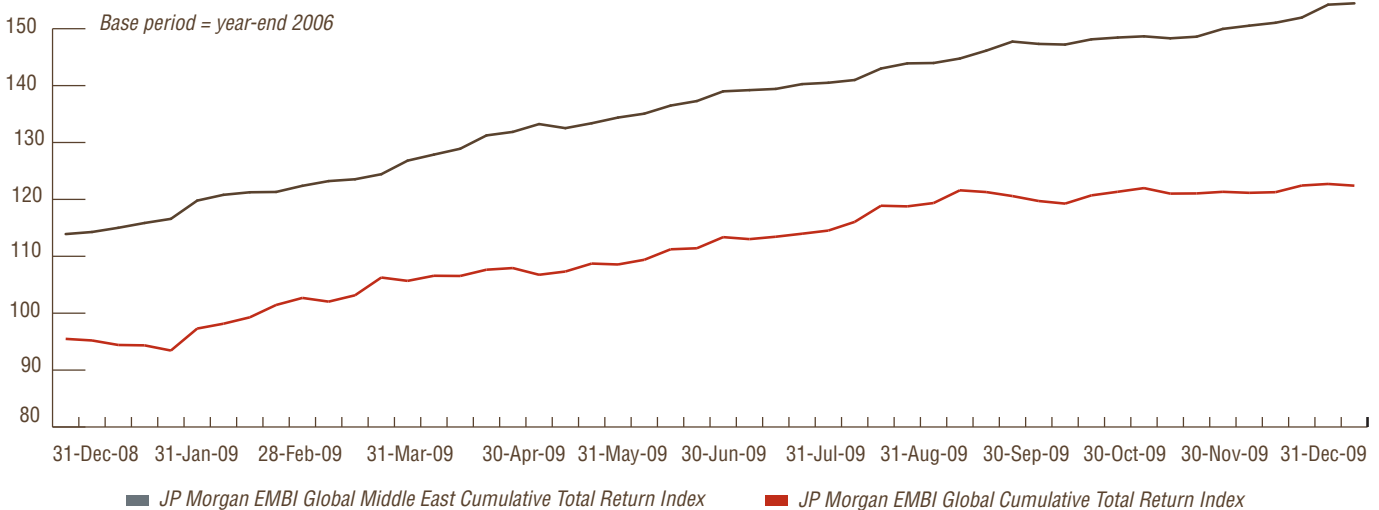
Looking forward, market players wait for more fourth-quarter results that are assumed to determine the markets' direction.

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**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
<b>LEVANT</b>				
Lebanon	B/Positive/B NR	B2/Positive NR	B-/Stable/B NR	CCC/Stable CCC/Stable
Syria	BB/Stable/B	Ba2/Stable	NR	B/Stable
Jordan	BB+/Stable/B	Ba1/Stable	BB+/Stable/B	BB/Stable
Egypt	NR	NR	NR	CC/Stable
<b>GULF</b>				
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
<b>NORTH AFRICA</b>				
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

	22-Jan-10	15-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	3.60%	3.81%	3.84%	-0.21%	-0.24%

## FX RATES (per US\$)

	22-Jan-10	15-Jan-10	31-Dec-09	Weekly change	Year-to-date change
<b>LEVANT</b>					
Lebanese Pound (LBP)	1,507.50	1,507.50	1,507.50	0.0%	0.0%
Syrian Pound (SYP)	45.85	45.60	45.75	0.5%	0.2%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	5.44	5.42	5.49	0.4%	-0.8%
Iraqi Dinar (IQD)	1,150.00	1,150.00	1,150.00	0.0%	0.0%
<b>GULF</b>					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.1%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	-0.1%	-0.1%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.29	0.29	0.29	0.0%	0.0%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	0.3%	0.0%
Yemeni Riyal (YER)	203.25	203.00	203.00	0.1%	0.1%
<b>NORTH AFRICA</b>					
Algerian Dinar (DZD)	72.55	70.25	70.42	3.3%	3.0%
Moroccan Dirham (MAD)	7.96	7.87	7.88	1.2%	1.1%
Tunisian Dinar (TND)	1.34	1.32	1.32	1.8%	1.2%
Libyan Dinar (LYD)	1.23	1.22	1.23	0.8%	0.2%
Sudanese Pound (SDG)	2.24	2.24	2.24	0.0%	-0.1%

## COMMODITIES (in US\$)

	22-Jan-10	15-Jan-10	31-Dec-09	Weekly change	Year-to-date change
Crude oil barrel (Brent)	71.4	76.1	77.7	-6.3%	-8.1%
Gold ounce	1,092.60	1,129.90	1,095.7	-3.3%	-0.3%
Silver ounce	17.1	18.4	16.8	-7.1%	1.3%
Platinum ounce	1,546.5	1,599.0	1,467.0	-3.3%	5.4%

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