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China National Petroleum Corporation agreed to acquire a 35% stake in Shell's oil and gas unit in Syria in a deal worth US\$ 1.5 billion.

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Fears about the spillovers of Greece's debt crisis on other European countries continued to weigh on Arabian equity markets during this week in line with global and emerging markets, sending stock markets into declines. Another factor that contributed to putting pressures on equity prices is the further decline in oil prices that left its imprints on petrochemical and industrial stocks in the region. Regional stock markets fell by 4.1% week-on-week, as per Morgan Stanley Capital International Arabian Markets Index, while global and emerging equity markets tumbled by 4.9% and 7.6% respectively. On the other hand, lingering concerns about Greece's debt crisis and its repercussions on a number of European countries exerted some pressures on regional bond markets during this week, triggering some selling operations to cover needs for liquidity. Accordingly, bond prices declined week-on-week, as shown by a 19 basis points rise in the Audi compiled weighted Middle East average yield. In parallel, the 5-year CDS spreads widened in many regional markets, noting that the emerging markets as well saw a 49 basis points increase in its CDS spreads week-on-week.

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

## ► ECONOMY

### The EIU forecasts real GDP growth in the MENA region at 4.3% in 2010 and inflation at 6.9%

In its latest quarterly Global Outlook, the Economist Intelligence Unit (EIU) indicated that economic growth in the Middle East and North Africa (MENA) region would pick up in 2010, supported by higher oil prices, a stronger global economy and relaxed domestic policy conditions.

The agency forecasted real GDP growth in the MENA region at 4.3% in 2010, slightly surpassing the global average of 4.1%. Nonetheless inflation in the region is most likely to grow at a pace significantly greater than the global trend in 2010. Indeed, the EIU expected inflation in the MENA region to be at a high 6.9% in 2010, more than double the global average of 2.9%.

The EIU has recently raised its forecast for oil prices slightly, to US\$ 80 per barrel in 2010 and US\$ 79 per barrel in 2011. As per the report, this would contribute to a certain extent to inflationary pressures, which otherwise would remain low, at least in much of the developed world, due to abundant spare capacity.

In 2011, the EIU projected real GDP growth in the MENA region to inch up to 4.4% and inflation to rise to 7.2% before moving back to 6.2% in 2012. The report highlighted that regional growth in 2010 would be boosted by a modest pick-up in oil production despite Opec's continued efforts to promote cuts in oil production. The report indicated that by 2011, oil output would start to grow more strongly. This, along with persistently high government spending in oil-producing countries, would trigger regional growth averaging just over 4.6% annually in the period extending between 2010 and 2014.

Furthermore, the report noted that the easing of global credit market conditions since early 2009 would provide some relief to the MENA economy, particularly in the countries of

the GCC, where there are ambitious ongoing infrastructure development projects. The EIU added that the cost of borrowing is expected to remain high.

The report also shed the light on the UAE, one of the MENA countries that were the most affected by the crisis, and reckoned that its real GDP would grow by 2.6% in 2010, reflecting the likelihood that Opec-mandated constraints on oil production would remain in place throughout the year. Economic growth in the UAE should revive in 2011, to 3.5%, according to EIU, as confidence returns and banks resume lending. However, the report added that there remains a risk of a renewed downturn in late 2010 or early 2011. The report cautioned that many real estate projects have been cancelled or postponed in the UAE and these may not resume if pre-crisis growth levels are not attained.

### EIU forecasts Qatar's real GDP growth at 23.3% in 2010

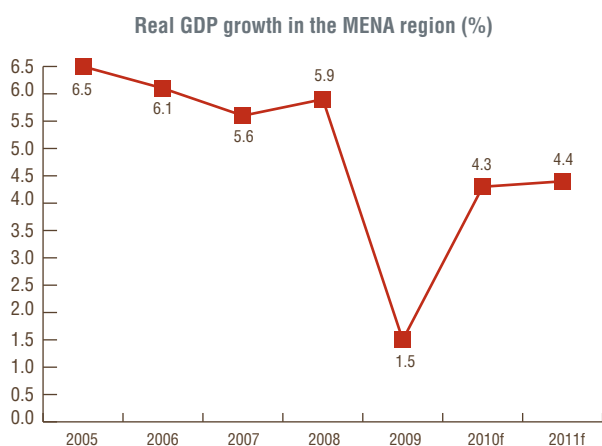
The EIU forecasts Qatar's real GDP growth to surge to 23.3% in 2010, as liquefied natural gas (LNG) production reaches its planned capacity, and then drop to 12.7% in 2011.

In spite of the global squeeze on credit, Qatar is expanding its LNG production capacity to about 77 million tons per year by early 2011 and pressing ahead with infrastructure projects, such as a causeway to Bahrain and a railway network, as per the agency. Growth is expected to benefit from high levels of investment in the hydrocarbons sector but would be dampened by imports needed to develop Qatar's energy facilities and upgrade its infrastructure. The government is projected to maintain high levels of capital spending on education, health and transport. Population growth is also projected to remain strong owing to immigration, thereby supporting domestic demand, according to the EIU report.

The agency expects consumer price growth to be moderate this year, at 1.2%, up from a deflation that averaged 4.9% in 2009, owing largely to a fall in rents and global commodity prices. Consumer price growth is projected to reach 4.2% in 2011, as demand from the ongoing influx of immigrants outweighs any further declines in rents.

The EIU projects the current-account surplus to rise again and reach US\$ 21.8 billion (19.2% of GDP) in 2010, and US\$ 38.3 billion (27.7% of GDP) in 2011.

The current-account surplus is projected to be driven by strong export earnings growth, of a projected average of 55% a year in 2010-11, and relatively flat imports, as rising demand for consumer goods from a growing population only just offsets falling capital goods imports as the gas industrialization program begins to wind down, as per the



Sources: The EIU, Bank Audi's Research Department

report. The increase in exports is expected to be supported mainly by the coming on stream of new LNG and oil production, causing the trade surplus to triple to US\$ 36 billion in 2010 and to increase further to US\$ 54 billion in 2011, as per the agency.

### **Moody's notes rising confidence in the UAE as the restructuring of Dubai world progresses**

Moody's Investors Services indicated on Monday May 24th that achieving a final agreement on the terms of Dubai World's debt restructuring would be a positive step towards pursuing a successful possible overhaul of other Dubai-related debt. The ratings agency said last week's agreement between Dubai World and 60% of its bank lenders to restructure US\$ 23.5 billion of debt appears to be the last act of a restructuring story that began on the 25th of November 2009.

Acceptance by bank lenders would go a long way towards confirming lower-than-feared loan losses for the banks involved and consequently for restoring confidence in Dubai's financial sector, both credit-positive developments, said Moody's. It also indicated that restructuring losses would depend on the banks' choice of one of the offered restructuring options, which effectively blend different levels of interest payments and government guarantees.

As such, Moody's estimated that impairment losses on the restructured facilities will average 10%-20%, discounted at the original effective interest rates. Consequently, the effect of these losses on the banks' Tier 1 capital would be less than 6%-12% for the most affected banks as of year-end 2009, reaffirming Moody's initial assessment that this exposure by itself would not jeopardize the solvency levels of the rated banks, posing moderate risk to their ratings.

The ratings agency said Dubai World should be able to serve the restructured interest payments, which are set below market levels (with a cash interest of 1%). Although the restructuring of Dubai World debt seems to be reaching an amicable conclusion, uncertainty still surrounds the quality of some private sectors as well as public sector exposures, according to Moody's. Finally, the rating agency concluded that the potential for further restructuring within Dubai Inc. (the Dubai government-related issuers) is still high.

### **Booz & Company points out to necessary large scale changes in the labor market in the GCC**

In its latest report titled 'Meeting the employment challenge in the GCC: The need for a holistic strategy', Booz & Company pointed out to the necessity for large scale changes in the labor market in order to reverse the employment scarcity of its indigenous workforce. Regardless of rapid eco-

nomie growth over the past decade, the consulting firm noted that such reforms are crucial as unemployment levels of nationals are in double digits across all Gulf Cooperation Council (GCC) countries.

Moreover, Booz & Company pointed out that all GCC countries encountered similar hurdles when it comes to their job markets, these hurdles being lack of employment opportunities for GCC nationals, the need to substitute expatriates with qualified nationals, and populations that generally view vocational jobs as undesirable.

The report indicated that GCC countries need to shift towards more proactive social and economic policies to upgrade the skills and talents of their workforce. In addition, the report quoted the World Bank by stating that the GCC's workforce might surpass 20.5 million by 2020, equivalent to a 30% rise from the current 15.6 million. Therefore, a key challenge in the next decade would be to tackle the job creation need to absorb the millions of people looking to access the job market.

The publication pointed out that in recent years, the time needed to find a job has declined as a result of economic growth and increased government hiring. Still, the time needed to find a job in the region is still relatively high, and this may pose a threat as lengthy unemployment for a large number of people might weaken the overall skill level and experience of the workforce, weighing down on future earnings, as per Booz & Company. In addition, people who experience unemployment for a long period of time might stop looking for a job and contribute to an increase in the inactive workforce.

Another problem lies in the economically active but underemployed workforce. In fact, the majority of employed workers works in the government sector, which accounts for more than 50% of gross domestic product in most GCC countries, while a small fraction works in the private sector, according to Booz & Company.

The report also indicated that some unemployment is masked by overstaffing. Oil revenues have resulted in the creation of a welfare system in which the government is the largest employer of nationals but this has led to overstaffing of the public sector, which in turn has led to sub-optimal deployment and utilization of nationals. Finally, the report noted that each nation's strategy must include three critical steps to identify and develop the economic sectors that are likely to maximize value-added jobs for nationals, these steps including developing competitive sectors, promoting the private sector and promoting the GCC as a hub for investment.

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## ► SURVEYS

### UAE leads MENA countries in terms of enabling trade for 2010

The World Economic Forum issued its latest report termed “Global Enabling Trade Report 2010” in which it indicated that the United Arab Emirates (UAE) notched an impressive score on the Enabling Trade Index (ETI), thereby coming first amongst 12 countries in the Middle East and Northern Africa (MENA) region. Globally, the UAE ranked 18th out of 125 economies on the ETI. Indeed, it outperformed the United Kingdom, Chile and the United States.

The ETI measures the extent to which individual economies have developed institutions, policies, and services facilitating the free flow of goods. The structure of the Index reflects the main enablers of trade, breaking them into four sub-indexes.

The market access sub-index measures the extent to which the policy framework welcomes foreign goods into the economy and enables access to foreign markets for its exporters. Regionally, Bahrain surpassed its peers as it came 29th globally. As to the UAE, it ranked 81st globally and 8th within the MENA region.

The border administration sub-index assesses the extent to which the administration at the border facilitates the entry and exit of goods. The UAE was the top regional performer in this component and ranked 12th on a global basis. The survey noted that the country’s clearance of goods at the border has been increasingly easier compared to other countries globally in spite of the weak transparency of border administration.

The transport and communications infrastructure sub-index takes into account whether the country has in place the transport and communications infrastructure necessary

to facilitate the movement of goods within the economy and across the border. This was also one of the points of strengths for the UAE which came 22nd globally. Its results were essentially enhanced by the availability and quality of transport infrastructure as they are considered to be among the best in the world. It was noted that if transport services were further developed and liberalized, the UAE could further benefit from its favorable geographic location on the Europe-Asia trade route.

The business environment sub-index looks at the quality of governance as well as the regulatory and security environment impacting the business of importers and exporters active in the country. Regionally, Qatar came first while it was ranked sixth on a global level. The UAE was not far behind, ranking ninth globally, since it holds the distinct advantage of having high levels of security as per this survey.

### Qatar ranks first among Middle Eastern countries in the Institute for Management Development’s competitiveness report

The 2010 World Competitiveness Yearbook, issued by the Institute for Management Development (IMD), a graduate school and research institute in Switzerland, shows that Qatar is not just the top ranking country in the Middle East but also the sole Gulf nation to make the top 50 positions. Regionally, Qatar maintained the top spot since last year, while globally, it ranked 15th this year. This was, however, a slight drop from last year’s ranking at 14.

The IMD’s competitiveness index ranks countries according to their relative position in the pursuit of prosperity. The report indicated that currently in a free-fall environment, the winners may simply be the ones who are the most resilient to downward forces. As a matter of fact, the results of the IMD’s World Competitiveness rankings 2010 have been strongly affected by unusual volatility in economic growth, exchange rates, financial assets, trade and investment flows and, finally, as a consequence, in employment figures. The report lists 58 countries and is based on 327 different criteria ranging from GDP and water resources to tariff barriers. They are then grouped into four competitiveness categories: economic performance, government efficiency, business efficiency and infrastructure to determine a country’s position on the list.

The report indicated that Qatar’s strengths include low youth unemployment, low inflation and strong GDP growth. The only two other Middle Eastern countries on the list with a top 50 ranking are Jordan at 50 and Israel (17) this year. The world’s most competitive economies are Singapore and Hong Kong, according to the survey which demoted the US from the top spot to the third place for the first time since 1993.

#### Global Rankings of MENA countries in the Enabling Trade Index 2010 and its sub-indices

	Overall Index	Market Access	Border Administration	Transport & communications infrastructure	Business Environment
UAE	16	81	12	22	9
Bahrain	22	29	26	33	25
Oman	29	34	47	47	14
Qatar	34	72	35	46	6
Tunisia	38	35	50	56	24
Jordan	39	51	45	52	21
Saudi Arabia	40	54	31	45	39
Kuwait	65	71	81	69	38
Morocco	75	112	57	72	66
Egypt	76	114	66	62	61
Syria	104	116	111	98	42
Algeria	119	124	99	93	110

Sources: World Economic Forum, Bank Audi’s Research Department

## ► CORPORATE NEWS

### **China National Petroleum Corporation to buy stake in Shell unit's in Syria for US\$ 1.5 billion**

China National Petroleum Corporation (CNPC), one of China's largest energy companies, agreed to acquire a 35% stake in Shell's oil and gas unit in Syria in a deal worth US\$ 1.5 billion, according to newswires.

The companies would seek joint investment opportunities in Syria after the accord, according to CNPC and Shell statements.

According to CNPC officials, this deal would develop cooperation with Shell in ventures overseas and would also increase its presence in Syria and the Middle East.

CNPC is one of the world's major oilfield service providers and a global contractor in engineering construction, with businesses covering petroleum exploration and production, natural gas and pipelines, refining and marketing, oilfield services, engineering construction, petroleum equipment manufacturing and new energy development, as well as capital management, finance and insurance services.

Shell is a global group of energy and petrochemical companies headquartered in the Netherlands. The parent company of the Shell group is Royal Dutch Shell plc, which is incorporated in England and Wales.

### **UAE's Sweet Homes Holding unveils AED 149 million shopping mall within Ajman Uptown project**

Sweet Homes Holdings (SHH), a UAE-based developer and multi-service provider to the real estate sector, has unveiled an AED 149 million shopping mall within its AED 2.2 billion Ajman Uptown project.

The luxury retail establishment, which has a total built-up area of 78,387 square meters, is scheduled to be completed by the end of 2012.

Further, Sweet Homes General Contracting L.L.C (SHGC), the in-house contracting arm of Sweet Homes Group and the main contractor for the Ajman Uptown project, is also in charge of the main construction works on the mall, which has already witnessed the start of the shoring and excavation phase.

Upon completion, the retail center would encompass a total of 182 shops, a hypermarket, cinemas, coffee shops and food establishments within a food court. It would also house an indoor amusement center and offer 429 parking slots for shoppers. The mall joins a host of amenities within Ajman Uptown including a healthcare center, a fire fighting station, two mosques, a health and recreation club, a

swimming pool, markets, hotel and hotel apartments, and parks.

Sweet Homes Group operates in Dubai, Ajman, Abu Dhabi, Sharjah and Ras Al Khaimah with overseas offices in London, Muscat and Doha. The group's portfolio of real estate services include marketing, selling, managing, maintaining and offering consultancy with regard to projects in the UAE. The group has also diversified into general engineering, contracting, trading and real estate brokerage.

### **London School of Economics and Political Science launches multidisciplinary research center in the Middle East**

London School of Economics and Political Science (LSE) announced the launch of the Middle East Center, a multidisciplinary research center focusing on modern Middle Eastern cultures, societies, economies, and international relations.

The new center, which has received GBP 9.2 million (around US\$ 13.2 million) in initial support from the UAE's Emirates Foundation for Philanthropy and The Aman Trust, would collaborate with Middle Eastern universities, scholars, civil society, policy makers, and highlight the region's strengths and challenges to a global audience.

The Middle East center would engage intellectuals and experienced practitioners to analyze and report on the region's economics, politics, and culture.

The center would help train a new generation of specialists drawn from within the region and from the rest of the world. Throughout their careers, they would provide informed and balanced analysis of the nations of the Middle East, and the region's place in the international community.

Launched in 2005, The Emirates Foundation for Philanthropy is one of the UAE's foremost philanthropic organizations. The Foundation facilitates links between commercial businesses and the public sector to devise new projects and strengthen existing nonprofit initiatives throughout the country. Its funding comes from annual donations and an endowment fund supported by the Abu Dhabi government and private companies.

The Aman Trust is a philanthropic organization operating in the fields of healthcare, education and food security throughout the Middle East and South Asia. Its sister organization, Aman Foundation, is active in Pakistan.

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## ► EQUITY MARKETS

### Global concerns about Greece's crisis and falling oil prices weigh on regional equity markets

Fears about the spillovers of Greece's debt crisis on other European countries continued to weigh on Arabian equity markets during this week in line with global and emerging markets, sending stock markets into declines. Another factor that contributed to putting pressures on equity prices is the further decline in oil prices that left its imprints on petrochemical and industrial stocks in the region. Regional stock markets fell by 4.1% week-on-week, as per Morgan Stanley Capital International Arabian Markets Index, while global and emerging equity markets tumbled by 4.9% and 7.6% respectively.

The Egyptian Exchange saw the highest drop in equity prices across the region, as shown by a 7.5% week-on-week fall in the MSCI data. Transportation and telecommunication stocks led the decline. For instance, Egytrans was among the top losers this week, with its share price falling sharply by 17.4% relative to the previous week to close at LE 13.46, on the back of a 42% fall in its first quarter net profit year-on-year. As to telecommunication stocks, Orascom Telecom Holding continued to be among the most traded stocks this week. Its share price moved down by 10.7% to close at LE 5.40, due to ongoing uncertainties regarding the Orascom-MTN deal. It is worth mentioning that the Algerian government announced this week that it will not acknowledge any talks with other operators on the sale of Djazzy

The Saudi Tadawul was the second worst performer this week in line with weakness in global markets and on the back of falling oil prices. Petrochemical stocks topped the losers list. For instance, SABIC's share price fell by 10.9% to SR 92.25. In addition, Saudi Kayan Petrochemical Company's share price fell 7.6% to close at SR 19.45. It is

worth mentioning that Saudi Kayan posted last month a first quarter loss of SR 3.8 million because the ethylene cracker plant is still in the non-operational stage. As to the banking stocks, Alinma Bank was among the most traded stocks during this week. Its share price declined by 2.6% week-on-week to close at SR 11.45, on the back of a net loss of SR 75 million incurred during the first quarter of 2010 due to increased operational costs and a lower return on investments as a result of the effective start of the bank's operations.

The UAE equity markets saw a 2.8% decline in prices this week, mainly undermined by real estate stocks. In Abu Dhabi, RAK Properties' share price declined by 2.1% week-on-week to close at AED 0.47. RAK properties posted last month a 39% year-on-year drop in its 2010 first quarter net profit, as the company did not hand over any property during the said period. Moreover, Aldar Properties' share price fell by 6.6% week-on-week to reach AED 3.66. Aldar posted early this month a first quarter net loss of AED 314.2 million, on the back of a lack of property sales that held back revenue and lower gains on investment properties. In Dubai, Emaar was among the most traded stocks during this week. Its share price closed 2.3% lower at AED 3.74. BoA-Merrill Lynch reinstated coverage of Emaar Properties with a neutral rating and 12-month price target of AED 4.4. In addition, Arabtec Holding's share price went down by 3.3% to close at AED 2.33, after announcing a 17% fall in its 2010 first quarter net profit as the downturn in the region's construction market continued to weigh on results.

The Qatar Exchange posted a 3.5% decline in prices week-on-week. Industries Qatar share price shed 5.3% to close at QR 103.10, on the back of falling oil prices and following the announcement of a 14% year-on-year drop in its 2010 first quarter net profit last month.

### Equity 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	143.1	0.8%	-0.6%	14.8	56.6%	0.7	12,071.2	6.4%	9.8	1.38
Jordan	138.7	-2.0%	-7.5%	93.5	-52.3%	67.5	30,200.4	16.1%	18.4	1.60
Egypt	801.8	-7.5%	2.2%	680.8	-23.1%	496.8	73,642.4	48.1%	11.3	1.70
Saudi Arabia	410.2	-5.6%	5.4%	5,455.8	-8.7%	762.5	334,380.4	84.8%	15.5	1.98
Qatar	628.5	-3.5%	2.8%	323.8	-34.5%	44.0	106,400.0	15.8%	10.8	2.08
UAE	224.1	-2.8%	-2.3%	528.5	-21.2%	955.6	135,103.6	20.3%	11.1	1.06
Oman	868.1	-3.4%	3.7%	60.9	-9.7%	62.1	17,757.5	17.8%	11.6	1.79
Bahrain	301.2	-1.5%	-9.3%	5.1	77.7%	7.6	17,892.0	1.5%	11.4	1.09
Kuwait	637.7	-1.3%	15.0%	592.9	-14.6%	1,020.9	104,990.5	29.4%	15.7	1.48
Morocco	444.8	1.2%	6.7%	466.9	46.3%	9.6	67,190.3	36.1%	17.2	3.58
Tunisia	1,192.7	4.0%	1.6%	-	-	3.8	9,268.2	-	15.5	2.00
<b>Arabian Markets</b>	<b>497.1</b>	<b>-4.1%</b>	<b>5.6%</b>	<b>8,222.9</b>	<b>-11.7%</b>	<b>3,427.3</b>	<b>899,628.3</b>	<b>47.5%</b>	<b>13.5</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

## ► FIXED INCOME MARKETS

### Selling operations drive bond prices downwards

Lingering concerns about Greece's debt crisis and its repercussions on a number of European countries continued to put pressures on regional bond markets during this week, triggering some selling operations to cover needs for liquidity. Accordingly, bond prices declined week-on-week, as shown by a 19 basis points rise in the Audi compiled weighted Middle East average yield. In parallel, the 5-year CDS spreads widened in many regional markets, noting that the emerging markets saw as well a 49 basis points increase in its CDS spreads week-on-week.

When looking at individual markets, there were some developments in the UAE, yet these didn't leave tangible impact on prices and CDS spreads. In details, Dubai World has reached this week an agreement in principle with the coordinating committee of creditors and the government of Dubai on the restructuring of US\$ 23.5 billion of its total financial liabilities. The coordinating committee represents around 60% of the troubled company's bank lenders. Hence, the deal, which requires no new support from the government, must still be approved by banks outside the core negotiating committee. The deal offers repayment over five-year and eight-year periods and allows banks to opt for an option of a higher Payment In Kind coupon, a higher government shortfall guarantee, or get a higher cash and PIK coupon. Creditors would be repaid in full but the payment period would be extended, while the government of Dubai would convert debt into equity and help fund the restructuring. Post restructuring, Dubai World's financial indebtedness would come down to around US\$ 14.4 billion and comprise two tranches: US\$ 4.4 billion and US\$ 10.0 billion with five-year and eight-year maturities respectively.

A forthcoming new issue was also announced in the UAE. In fact, TDIC announced to have hired Standard Chartered, Citigroup and BNP Paribas to sell bonds in the next three

months, as it seeks long-term financing for projects.

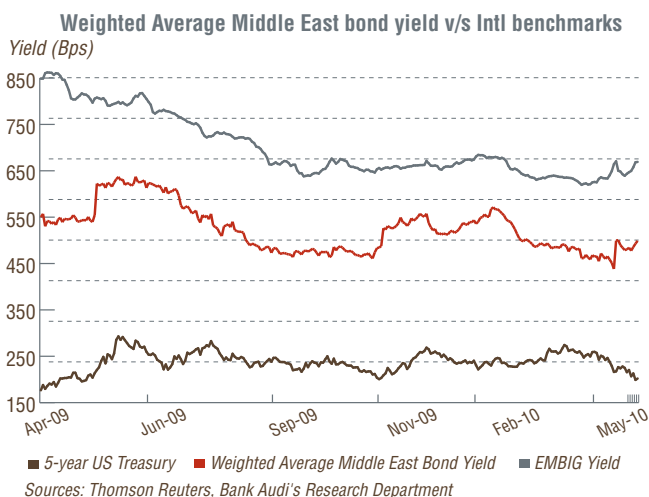
On the other hand, Dana gas reset its pricing on its US\$ 1 billion convertible Islamic bonds due in 2012. The new exchange will be AED 1.926 per share as compared to AED 2.118 per share previously. The bond can be exchanged for 19,076.68 shares for every US\$ 10,000 value of Sukuk at an exchange price of US\$ 0.542.

The region saw further plans for bond issues, with Qatar Islamic Bank announcing plans to sell as much as US\$ 750 million worth of Sukuks. Talks with rating agencies have been completed and the bonds are likely to be sold during the second half of 2010.

Moreover, Fitch Ratings affirmed RasGas (II) and RasGas (3) senior secured bonds at 'A+' with Stable Outlooks. The affirmation of the ratings reflects the consistent operating reliability of the liquefied natural gas (LNG) project in line with Fitch's original expectations, the successful end of the construction period, and a committed sponsor group. The rating action further reflects the project's access to abundant gas resources and the low operating cost structure which contributes to strong debt service coverage ratios (DSCR) and a low commodity price breakeven (Fitch base case Avg. DSCR of 9x). Within this context, RasGas's bond price increased towards the end of the week.

Finally, SABIC Capital, affiliated to petrochemicals giant Saudi Basic Industries Corp (SABIC), plans a benchmark dollar bond issue before the end of June 2010. HSBC, J.P. Morgan, and the Royal Bank of Scotland plc have been mandated as joint lead managers and book runners for the bond issue. The bond issue is for general corporate purposes. Moody's assigned the bond an A+ rating.

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### Middle East 5Y CDS Spreads v/s Intl Benchmarks

in basis points	21-May 2010	14-May 2010	31-Dec 2009	Week-on -week	Year-to -date
Abu Dhabi	122	104	151	18	-29
Dubai	425	428	445	-3	-20
Qatar	98	85	105	13	-7
Saudi Arabia	72	75	85	-3	-13
Bahrain	160	163	210	-3	-50
Oman	184	156	127	28	57
Egypt	194	194	260	0	-66
Lebanon	300	300	281	0	19
Emerging Markets	306	257	272	49	34

Sources: Thomson Reuters, Bank Audi's Research Department

**SOVEREIGN RATINGS**

	Standard & Poor's	Moody's	Fitch	EIU
<b>LEVANT</b>				
Lebanon	B/Positive/B	B1/Stable	B/Stable/B	CCC/Stable
Syria	NR	NR	NR	CCC/Positive
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
<b>GULF</b>				
Saudi Arabia	AA-/Stable/A-1+	Aa3/Stable	AA-/Stable/F1+	BBB/Stable
UAE	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+	BB/Positive
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	A1/Stable	NR	A/Stable
Yemen	NR	NR	NR	CC/Stable
<b>NORTH AFRICA</b>				
Algeria	NR	NR	NR	BB/Stable
Morocco	BBB-/Stable/A-3	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**

	28-May-10	14-May-10	31-Dec-09	Weekly Change	Year-to-date
US Prime Rate	3.25%	3.25%	3.25%	0.00%	0.00%
3-M Libor	0.50%	0.45%	0.25%	0.05%	0.25%
US Discount Rate	0.75%	0.75%	0.50%	0.00%	0.25%
US 10-year bond	3.23%	3.46%	3.84%	-0.23%	-0.61%

**FX RATES (per US\$)**

	28-May-10	14-May-10	31-Dec-09	Weekly Change	Year-to-date
<b>LEVANT</b>					
Lebanese Pound (LBP)	1,507.50	1,507.50	1,507.50	0.0%	0.0%
Syrian Pound (SYP)	46.95	46.95	45.75	0.0%	2.6%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.1%
Egyptian Pound (EGP)	5.65	5.61	5.49	0.6%	2.9%
Iraqi Dinar (IQD)	1,165.00	1,166.00	1,150.00	-0.1%	1.3%
<b>GULF</b>					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.29	0.29	0.29	-0.1%	1.1%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	0.0%
Yemeni Riyal (YER)	224.50	203.75	203.00	10.2%	10.6%
<b>NORTH AFRICA</b>					
Algerian Dinar (DZD)	72.48	72.84	70.42	-0.5%	2.9%
Moroccan Dirham (MAD)	8.78	8.90	7.88	-1.3%	11.5%
Tunisian Dinar (TND)	1.48	1.50	1.32	-1.0%	12.0%
Libyan Dinar (LYD)	1.31	1.32	1.23	-0.1%	6.9%
Sudanese Pound (SDG)	2.23	2.23	2.24	0.0%	-0.5%

**COMMODITIES (in US\$)**

	21-May-10	14-May-10	31-Dec-09	Weekly Change	Year-to-date
Crude oil barrel (Brent)	70.6	75.7	77.7	-6.7%	-9.1%
Gold ounce	1,175.2	1,232.6	1,095.7	-4.7%	7.3%
Silver ounce	17.6	19.3	16.8	-8.6%	4.5%
Platinum ounce	1,504.5	1,715.5	1,467.0	-12.3%	2.6%

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