

The Lebanon Weekly Monitor

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In its latest Middle East Monitor, Business Monitor International (BMI) expected buoyant consumption to boost economic growth in Lebanon, with its outlook supported by resilient consumer confidence and a drop in the growth of imports, which would reduce the drag effect on net exports.

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Activity was weak in Lebanese capital markets during this week. On the Eurobond market, a shy local demand appeared that was met by a very small foreign offer, which dictated week-on-week stability in bond prices. The average bond spread widened by six basis points week-on-week to reach 253 basis points, due to a fall in benchmark yields on the back of a rise in US jobless claims and weaker-than-expected manufacturing data. On the equity market, weakness was the main feature too. In fact, the total trading value amounted to US\$ 11 million this week as compared to US\$ 60 million on average since the beginning of the year 2010. The BSE price index declined by 0.8% week-on-week to reach 141.59. On the foreign exchange market, conversions in favor of the Lebanese Pound persisted during this week, yet in lower volumes relative to the previous week, noting that its intervention rate stood at LP 1,501.00. As to the Treasury bills market, interest rates continued to follow a downward trajectory, with the average yields on the one-year, two-year and three-year categories falling between 10 and 18 basis points. Finally, at the level of the money market, the overnight rate remained stable this week at its low official level of 2.75% set by the Central Bank, except for Friday when it rose slightly to 3.00% for technical reasons.

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BMI expects buoyant consumption to boost growth in Lebanon in 2010

In its latest Middle East Monitor, Business Monitor International (BMI) expected buoyant consumption to boost economic growth in Lebanon. BMI's outlook for the Lebanese economy is optimistic and is supported by resilient consumer confidence and a drop in the growth of imports, which would reduce the drag effect on net exports, as per the report.

BMI expected Lebanon's real GDP to expand by 6.5% in 2010, a marginal slowdown from its estimate of a 7.0% growth in 2009. In 2011, real GDP growth is expected to slowdown to 5.5%, as per BMI, as the government would be cutting public expenditure in order to channel more money into bringing down the budget deficit from a projected 10.7% of GDP in 2010 to 9.9% of GDP in 2011.

BMI expected private consumption as a proportion of GDP to grow at 7% in 2010 before falling marginally to 6% in 2011. Meanwhile, average inflation, forecasted at 3.2% in 2010, would remain steady in the short-term, as per BMI. According to the report, one driver of inflation in Lebanon is growing realty prices, which in turn have been fueled by rising demand from Lebanese and GCC nationals. Nonetheless, the report expected inflation to remain under control. Furthermore, gross fixed capital formation (GFCF) is expected to see a decline in growth from 7% in 2009 to 4% in 2010 and 2011. However, as mentioned before, the rise in demand for real estate is driving investments in construction, which would in turn contribute to GFCF growth.

Finally, BMI recommended that the government pushes ahead with plans to liberalize telecoms and electricity sectors, which, if implemented, would cut spending dramatically and would bring foreign investment into the country and eventually reduce consumer utility prices and improve business environment.

Fiscal deficit down by 44% in the first four months of 2010

Public finance figures for the first four months of the year, as released by the Ministry of Finance, show a deficit to expenditures ratio of 19.5%, contracting substantially from the 30.4% figure reported over the same period of 2009. This improvement is attributable to a drop in total expenditures coupled with a slight rise in total revenues.

On the income front, public revenues which include budget and Treasury receipts, increased by 1.8% relative to the same period of 2009, thereby reaching LP 4,253.7 billion in the first four months of 2010. Treasury revenues registered a rise of LP 29.1 billion to attain LP 216.0 billion, up by a

yearly 15.5%. The increase of treasury income stems from the 63.2% increase in total guarantees and 19.9% in municipalities resources.

As to budget revenues, they moved up by a weaker 1.2% to reach LP 4,037.7 billion, as tax revenues rose by 16.5% while non-tax revenues dropped by 35.8%. Total tax revenues, which totaled LP 3,289.1 billion, edged up due to a year-on-year rise of 27.1% in miscellaneous tax revenues, 14.6% in VAT revenues mirroring amelioration in aggregate private consumption and 6.3% in customs revenues, reflecting a rise in receipts from increased international trade.

On the spending side, total public expenditures, which include budgetary and Treasury spending, diminished by a yearly 12.0% in the first four months of 2010 to attain LP 5,280.9 billion, caused chiefly by a contraction of 42.3% in treasury expenditures along with a weak increase of 1.7% in budgetary related expenditures.

Treasury expenditures reached LP 1,079.1 billion in the first four months of 2010, and their decrease is mostly due to a contraction of 77.2% in guarantees' expenditures, which totaled LP 28.0 billion and a 45.8% reduction in transfers to the electricity company which amounted to LP 650.3 billion. It is worth noting the positive aspect of the drop in transfers to the electricity company as they account for about 60% of treasury expenditures.

In parallel, budgetary expenditures reached LP 4,201.8 billion. Interest payments on domestic and foreign debt, posted a total of LP 1,993.7 billion in the first four months of 2010, decreasing by 1.7% relative to the same period of 2009. The cut was spurred by a 9.3% year-on-year drop in interest payments on foreign currency debt coupled with a weaker rise of 3.1% on local currency debt. As for principal foreign debt repayment, it amounted to LP 55.0 billion over the first four months of 2010, relative to LP 43.0 billion during the same period of last year. Non-interest budgetary spending went up by 4.5% year-on-year to reach LP 2,153.1 billion over the aforementioned period of this year.

The slight rise in revenues combined with a significantly higher decrease of expenditure led to a 43.7% decline in the overall deficit which totaled LP 1,027.2 billion in the first four months of 2010. When excluding debt service, the primary surplus reached LP 1,021.4 billion, up by a significant 312.3% year-on-year.

Passengers at the airport up by 19% in the first five months of 2010

Figures released by the Hariri International Airport (HIA)

indicate a sustained strong growth in air transport activity indicators during the first five months of this year. Indeed, the number of passengers at the airport, the number of planes, and loaded and unloaded freight, grew significantly during the said period. Airline traffic witnessed a yearly rise of 22.9% in the first five months of 2010 while passengers at the airport progressed by 18.8%. Total planes using the airport amounted to 24,840 while passengers at the airport totaled 1,914,744.

Detailed aircraft activity suggests equal increases of 22.9% in landings and take-offs, with the former attaining 12,413 and the latter 12,427. As for in-depth passengers' activity at the HIA, it is noticeable that during the first five months of 2010, year-on-year growth sustained the same stance viewed during 2009, mirroring continuously booming tourism activity in the country. Departing passengers increased by a year-on-year 19.5% during the aforementioned period of 2010 whereas arrivals went up by an almost equal 18.0%. Arriving passengers totaled 952,023 in the first five months of the year whereas departing passengers reached 962,721. As to the transit passengers, they increased by 17.2% relative to the first five months of 2009 to attain 17,007.

Finally, with respect to freight movement within the airport, a total of 17,652 thousands tons were imported during the first five months of 2010 whilst 13,014 thousand tons were exported. The first mentioned activity grew by 6.5% year-on-year and the latter by 8.9%. As such, total freight loaded and unloaded at the airport amounted to 30,666 thousand tons in the first five months of 2010, up by 7.5% year-on-year.

Merchandise at the Port of Beirut up by 5% in the first four months of 2010

Maritime transport services, which mirror the performance of the trade sector, saw mixed trends in the first four months of 2010, as reflected by the main indicators of the Port of Beirut that handles the majority of the country's imports and exports. According to the figures released by the Port, total tonnage of loaded and unloaded merchandise at the Port, one of the most important indicators of import and export activity, went up by 5.0% in the first four months of 2010 to reach 2,077 thousand tons.

Furthermore, the number of containers at the Beirut Port, another important indicator of trade activity, increased by 3.5% to reach 186,948 containers during the aforementioned period of 2010. It is worth noting that the mentioned number of containers encompasses all incoming and outgoing containers at the Port, but not transshipments. As a matter of fact, the latter totaled 102,168 containers, down

by a yearly 27.6%. On the other hand, the number of ships that used the Port of Beirut during the first four months of 2010 declined by a yearly 5.3% to reach 757 ships. As for the revenues generated by the port, they reached US\$ 52.2 million, depicting a 1.1% increase relative to the first four months of 2009.

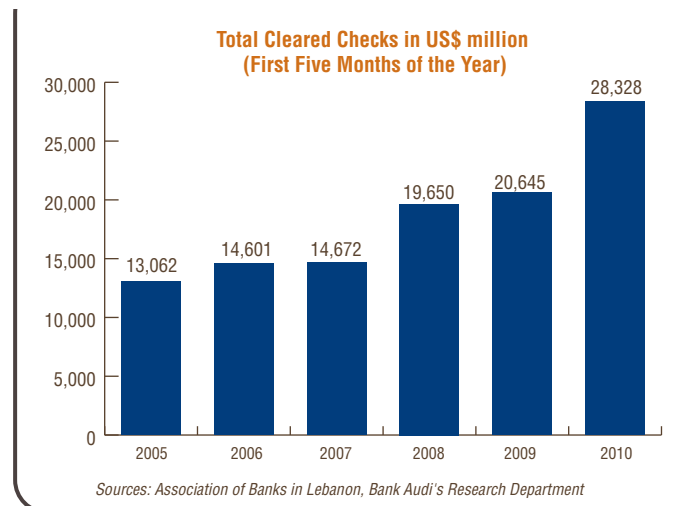
Clearing activity up by 37% in the first five months of 2010

The value of cleared checks in the banking system, a coincident indicator of overall spending patterns in the economy, showed a buoyant performance in the first five months of the year. Figures released by the Association of Banks in Lebanon indicate that total cleared checks amounted to US\$ 28,329 million in the first five months of 2010, up by a substantial 37.2% from the corresponding period of 2009.

This reflects a sustained upward trend of investor and consumer confidence manifested by the increased spending on consumer and capital goods. With respect to consumer outlays, this is especially enhanced by the upcoming tourism season which is expected to generate substantial inflows as the country might record a total of more than 2.5 million of incoming tourists by the end of the year.

This rise is mostly the result of a 41.1% increase in foreign currency denominated checks that totaled US\$ 22,961 million, which was higher than the increase of 22.8% in local currency denominated checks totaling LP 8,090 billion. The rise in foreign currency denominated checks within a context of a lower increase in LP denominated checks has led to an increase in the dollarization rate to 81.1% in the first five months of 2010 versus 78.8% in the same period of last year.

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Moody's adopted stable outlook for Lebanese banks amid continuing growth

Moody's Investors Service released a special comment, termed Arab Banks: Shielded Domestic Markets Underpin Resilience to Crisis, in which it indicated stable outlook for the Lebanese banking system. This was prompted by expectations of growth in 2010, although slower than the buoyant performance of the local economy in 2009, accompanied by relatively improved domestic political conditions and relative stability in the region.

Moody's noted that since the second half of 2008, the Lebanese banking sector's performance has defied global trends to record good growth and progress. Lebanese banks were not exposed to US sub-prime risk or failed Western banks, partly because of stringent central bank regulations, and ample liquidity protected them from the troubles of the global credit crisis. This traditionally high level of liquidity is a response to the systemic risks intrinsic to Lebanon's volatile operating environment and results in the banks being general net placers of funds in the global credit markets, as per Moody's.

Moreover, Lebanese banks' deposits continued to record high growth, partly attributed to the extensive, and relatively stable, funding from the country's Diaspora. The report also noted that dollarization of deposits has been declining as more stable operating environment conditions have encouraged customers to take advantage of the interest rate differential between the dollar-pegged Lebanese pound and the US dollar.

However, Moody's noted that the Lebanese banking system is characterized by the banks' sizeable exposure to sovereign debt. Also, although banks reported an increase in profits in 2009, net interest margins have been under pressure. Finally, Moody's noted that the high exposure to government securities is expected to continue to constrain the banks' capacity to diversify revenue sources, while the larger banks' regional operations provide some potential for diversification.

Fitch affirms Lebanese banks in the category of low vulnerability

In its June 2010 risk assessment of 86 banking systems in advanced and emerging economies, Fitch Ratings placed Lebanon among the top 26 banking systems with a "low level of potential vulnerability", thus coming in the highest category on Fitch's Macro-prudential Indicator (MPI).

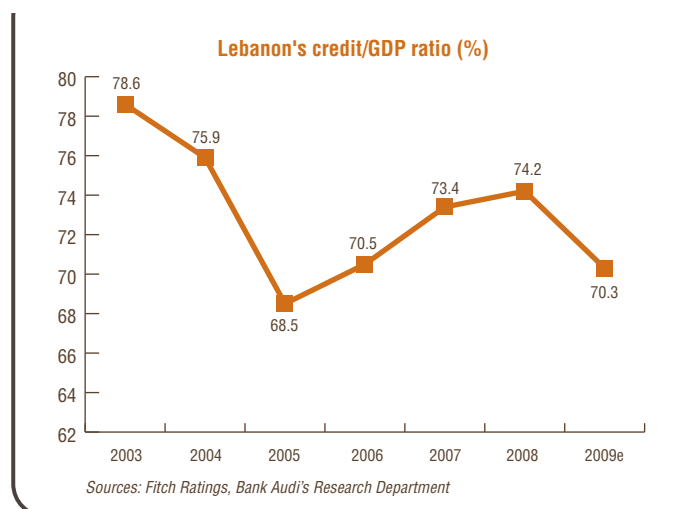
The MPI highlights the repercussions of a set of macroeconomic circumstances on banking systems, noting that such circumstances have been chosen based on past episodes of

banking system problems and in some cases full-scale systemic crises. An MPI score of '1' denotes low potential vulnerability, while a score of '3' denotes a high level of vulnerability to possible systemic pressures.

Lebanon was among the 26 countries that received a score of "1", bearing in mind that the number of such countries dropped from 30 since 2009, when the survey was last conducted. As a matter of fact, Fitch attributed the decline in MPIs of several countries to the fact that their credit indicators exceeded threshold limits. Lebanon, on the other hand, has maintained its MPI score at "1" since July 2005. In other words, Lebanese banks have had a low level of potential vulnerability even amidst political shocks in the country and during the global financial crisis. When compared to its regional peers, Lebanon received a score of '1', along with Egypt, Oman and Tunisia in the MENA region.

According to Fitch, rapid credit growth associated with "bubbles" in housing or equity markets led to building stress in banking systems. Therefore, in order to assess banking systems, Fitch ranked countries according to the ratio credit to GDP. Among the 86 countries, Lebanon had the 38th lowest credit/GDP ratio of 70.3% in 2009. Lebanon's score was significantly lower than the average of the 86 countries included in the study of 109.6%, indicating a strong point for Lebanese banks. Moreover, among the 86 countries, only 18 countries saw a yearly decline in their credit/GDP ratio in 2009 and Lebanon was among those countries, another fact which bodes well for the country.

As to Lebanon's ranking on Fitch's Banking System indicator (BSI), which is a measure of intrinsic banking system quality or strength, Lebanon along with 25 other banking systems came in the low strength category, since Lebanese banks have a high exposure to the country's large public debt. The BSI measures system quality on a scale ranging from 'A' representing very high quality through to 'E'. Lebanon came in the 'D' category along with Tunisia, Morocco, and Egypt in the region.



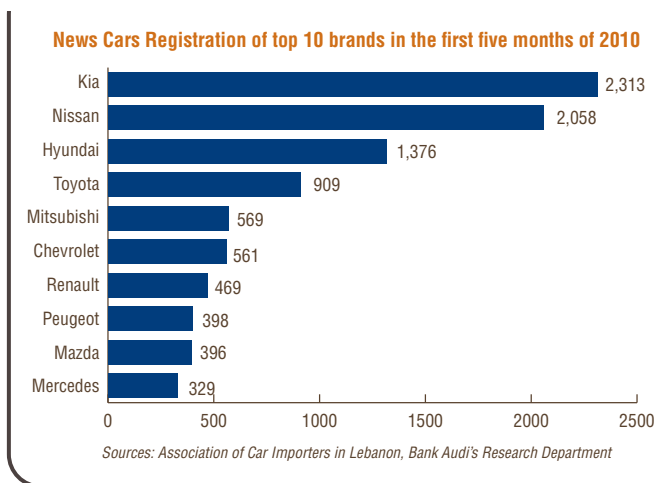
► CORPORATE NEWS

Kia tops car sales in Lebanon with 2,313 newly registered car sales in the first five months of 2010

The new cars registration statistics in Lebanon, as compiled by the Association of Car Importers in Lebanon, show that Korea's Kia cars topped the rankings with sales of 2,313 new cars in the first five months of 2010, against 1,310 cars in the first five months of 2009. Japan's Nissan brand ranked second with 2,058 newly registered cars in the first five months of 2010 against 2,692 cars in the same period of last year.

Korea's Hyundai cars ranked third with 1,376 vehicles in the first five months of 2010 versus 752 cars in the same period of 2009. Japan's Toyota came in fourth position with a total of 909 cars sold during the aforementioned period of 2010 against 1,813 vehicles in the first five months of 2009. As to Japan's Mitsubishi, it ranked fifth with 569 cars sold in the first five months of 2010 against 82 cars in the first five months of 2009.

On the overall, new car sales in Lebanon progressed by 7.7% in the first five months of 2010 to reach a total of 12,562 cars, against 11,668 cars in the first five months of 2009. Over the month of May 2010, new car sales in Lebanon totaled 3,341 cars, against 2,997 in May 2009, thus registering an 11.5% increase.



Balance sheet of financial institutions grows by a yearly 33.4% to US\$ 1,071.3 million at end-April 2010

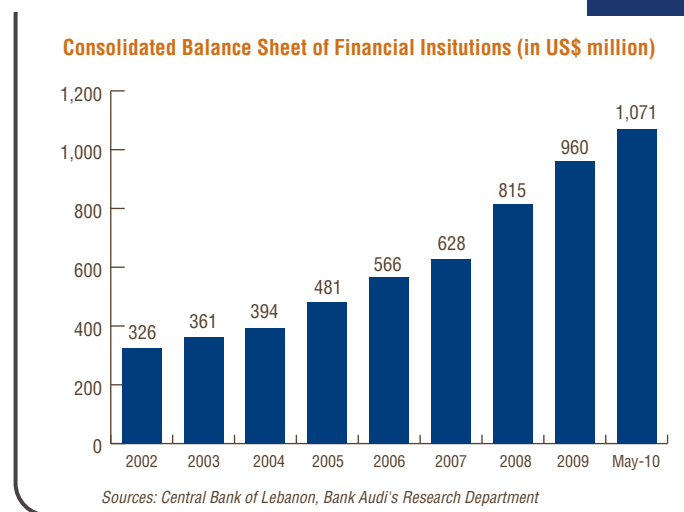
Central Bank statistics show that the consolidated balance sheet of financial institutions in Lebanon reached LP 1,615.0 billion, or US\$ 1,071.3 million, at end-April 2010, up by 33.4% from US\$ 802.8 million at end-April 2009. Liabilities to the private sector went up by 92.4%, from US\$ 132.1 million at end-April 2009 to US\$ 254.2 million at end-April 2010.

On the other hand, liabilities to the financial sector

increased by 21.0%, from US\$ 344.8 million at end-April 2009 to US\$ 417.2 million at end-April 2010. Further, the aggregate equity capital of financial institutions reached US\$ 271.0 million at end-April 2010, growing by 8.5% from US\$ 249.9 million a year earlier.

On the assets' side, financial institutions' cash and banks item reached US\$ 366.0 million at end-April 2010, up by 54.8% from US\$ 236.5 million at end-April 2009. Claims on the private sector amounted to US\$ 535.9 million at end-April 2010, up by 29.7% from US\$ 413.3 million a year earlier. Claims on the public sector stood at US\$ 127.8 million, showing a mere 0.2% increase from US\$ 127.5 million at end-April 2009.

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Vertica real estate launched in Beirut

Vertica for real estate services was recently established in Beirut, focusing initially on the Lebanese market, according to company press releases. The company plans to expand its services at a later stage to cover the Syrian and Iraqi markets, according to the same source.

Vertica would be divided into two specialized sections: Vertica Properties specialized in all kind of brokerage, sales and marketing services and Vertica Development that would develop its own real estate projects.

As per Vertica statements, this launch comes during a period where Lebanon proved to be the most resilient to the global crisis in the MENA region. The performance of the Lebanese economy was strongly praised lately by the world's top reference institutions, for having remained shielded from the global financial crisis spillovers and it is expected that Lebanon's economy will grow by up to 8% this year owing to high capital inflows, according to the Central Bank of Lebanon.

► CAPITAL MARKETS

Money Market: Increase in both LP and FX deposits

Within the context of continuous conversions in favor of the Lebanese Pound on the foreign exchange market, the overnight rate remained stable this week at its low official level of 2.75% set by the Central Bank of Lebanon, except for Friday when it rose slightly to 3.00% for technical reasons.

As to short-term Certificates of Deposits, the Central Bank of Lebanon sold this week LP 140 billion in the 60-day category. Accordingly, subscriptions totaled LP 1,963 billion since the beginning of the year 2010, and were distributed as follows: LP 336 billion in the 45-day category and LP 1,627 billion in the 60-day category. Interest rates remained unchanged, standing at 3.57% and 3.85% on the 45-day and 60-day categories respectively.

On the monetary aggregates level, figures for the week ending 3rd of June 2010 indicated an increase of LP 156 billion in local currency deposits, as a result of a growth of LP 153 billion in LP time deposits and a LP 3 billion rise in LP demand deposits week-on-week. Deposits in foreign currencies dropped by US\$ 44 million. These weekly variations compare to an average weekly increase of LP 200 billion for LP deposits since the beginning of the year 2010, and an average weekly rise of US\$ 27 million in foreign currency deposits. Within this context, LP money supply (M2) expanded by LP 392 billion during the week ending 3rd of June 2010, as compared to an average weekly increase of LP 193 billion since the beginning of the year 2010. In addition, total money supply in its large sense (M4) widened by LP 376 billion week-on-week, as compared to an average weekly increase of LP 247 billion since the beginning of the year 2010.

On a cumulative basis, money supply in its large sense (M4) widened by LP 5,748 billion since the beginning of the year 2010. This is the result of an increase in local currency denominated time deposits of LP 4,454 billion, a rise in foreign currency deposits of LP 1,029 billion (the equivalent of US\$ 683 million), a rise in money supply (M1) of LP 64 billion, and a growth in Treasury bills held by the public of LP 201 billion since the beginning of the year 2010.

Interest rates	18/6/10	11/6/10	31/12/09
Overnight rate	2.75%	2.75%	3.00% ↔
7 days rate	2.86%	2.86%	3.10% ↔
1 month rate	3.31%	3.31%	3.52% ↔
45-day CDs	3.57%	3.57%	3.77% ↔
60-day CDs	3.85%	3.85%	4.03% ↔

Treasury Bills Market: Drops in interest rates between 10 and 18 bps

The secondary Treasury bills market saw moderate trading activity across all categories during this week.

As to the primary market, the preliminary results of this week's auction (June 17, 2010) showed that the average yield on the one-year category declined by 12 basis points to reach 4.88%, while the average yield on the two-year category fell by 10 basis points to hit 5.36%, and the average yield on the three-year category tumbled by 18 basis points to reach 5.88%. It is worth mentioning that the Central Bank of Lebanon allowed commercial banks to subscribe to 50% of their accepted bids in the one-year category, while it allowed them to subscribe in full of their bids in the two-year category. As to the three-year category, the Central Bank of Lebanon allowed commercial banks to subscribe to 30% of their accepted bids and it allowed public institutions to subscribe to 10% of their bids in the same category.

On the other hand, the Central Bank of Lebanon released this week the auction results for value date June 10, 2010 which showed that total subscriptions amounted to LP 178 billion, and were distributed as follows: LP 20 billion in the one-year category, LP 69 billion in the two-year category and LP 89 billion in the three-year category. These compare to maturities of LP 203 billion, resulting in a nominal deficit of LP 25 billion.

Treasury bills	18/6/10	11/6/10	31/12/09
3-month	3.91%	3.91%	4.55% ↔
6-month	4.62%	4.62%	5.72% ↔
1-year	4.88%	5.00%	5.73% ↓
2-year	5.36%	5.46%	6.32% ↓
3-year	5.88%	6.06%	7.10% ↓
5-year	6.28%	6.28%	7.74% ↔
Nom. Subs. (LP billion)		178	500
Short-term (3&6 mths)		-	-
Medium-term (1&2 yrs)		89	49
Long-term (3 yrs)		89	451
Long-term (5 yrs)		-	-
Maturities		203	232
Nom. Surplus/Deficit		-25	268

Foreign Exchange Market: Slowdown in FC-to-LP conversions

The foreign exchange market saw this week slower stance of conversions from FC holdings to LP holdings relative to the previous week. Within this context, the Central Bank of Lebanon continued to intervene as a buyer of the green currency surpluses at the lower end of its intervention bracket

(LP 1,501.00), yet in lower volumes. Commercial banks traded the US Dollar at a rate hovering between LP 1,501.00 and LP 1,501.50.

On the other hand, the Central Bank's latest bi-monthly balance sheet ending June 15, 2010 showed a rise in foreign assets of US\$ 152 million during the first half of June to hit US\$ 30.4 billion at mid-June 2010. Accordingly, BDL's foreign assets covered 81.8% of LP money supply at mid-June 2010, with this coverage ratio rising to 112.2% when accounting for gold reserves estimated at US\$ 11.3 billion. In addition, the Central Bank's foreign assets covered 21.1 months of imports. These ratios show the Central Bank's strong ability to defend the currency peg.

Exchange rates	18/6/10	11/6/10	31/12/09
LP/US\$	1,507.5	1,507.5	1,507.5 ↔
LP/£	2,242.71	2,210.30	2,389.24 ↓
LP/¥	16.62	16.45	16.34 ↓
LP/SF	1,357.74	1,319.47	1,451.33 ↓
LP/Can\$	1,465.58	1,460.05	1,436.12 ↓
LP/Euro	1,868.24	1,825.73	2,159.95 ↓

Stock Market: 0.8% decline in BSE price index week-on-week

Trading volumes on the Beirut Stock Exchange were low during this week, with the total number of shares traded standing at 1,710,378 shares as compared to 4,178,676 shares on average since the beginning of the year 2010. The total trading value amounted to US\$ 10.8 million this week as compared to US\$ 13.3 million last week and US\$ 59.9 million on average since the beginning of the year 2010. Within this context, the average daily trading value declined from US\$ 2.7 million last week to US\$ 2.2 million this week, resulting in a decline in the trading volume index of 18.7% to 79.75. As far as prices are concerned, the BSE price index

Audi Indices for BSE	18/6/10	11/6/10	31/12/09
<i>22/1/96=100</i>			
Market Cap. Index	503.42	507.28	505.10 ↓
Trading Vol. Index	79.75	98.07	115.58 ↓
Price Index	141.59	142.68	144.04 ↓
Change %	-0.76%	-0.25%	0.91% ↑
Market Cap. \$m	11,943	12,035	11,983 ↓
No. of shares traded	1,710,378	923,559	248,012 ↑
Value Traded \$000	10,822	13,312	6,434 ↓
o.w. : Solidere	2,519	5,757	2,055 ↓
Banks	8,070	7,457	4,375 ↑
Others	233	98	4 ↑

declined slightly by 0.76% to 141.59.

In details, Solidere shares accounted for 23% of activity this week, with a trading value of US\$ 2.5 million. Solidere "A" share price edged up by 0.2% to US\$ 23.10, while Solidere "B" share price remained stable at US\$ 23.00.

As to banking stocks, they accounted for 75% of activity this week, registering a total trading value of US\$ 8.1 million. In details, Bank Audi's "listed" share price decreased by 1.2% to US\$ 8.20, and Bank Audi's GDR price fell by 3.4% to close at US\$ 8.26. BLOM's "listed" share price dropped by 2.2% to US\$ 89.95. Byblos Bank's "listed" share price retreated by 0.6% to US\$ 1.79, and Byblos Bank's "priority" share price declined by 0.5% to US\$ 1.82. Bank of Beirut's share price decreased by 1.2% to US\$ 18.50. Among the industrial shares, Rymco's share price fell by 4.5% to US\$ 3.00. Holcim's share price edged down by 0.4% to US\$ 13.95.

As compared to other emerging stock markets, the BSE reported lower performance this week, as shown by a 3.3% rise in the Morgan Stanley Capital International Emerging Market Free Index (MSCI EM). Likewise, the BSE performed lower than other Arabian and GCC equity markets, as reflected by a 1.9% increase in the Morgan Stanley Capital International Arabian Markets Index (MSCI Arabian Markets) and the Morgan Stanley Capital International GCC Countries Index (MSCI GCC Countries Index).

Bond Market: The spread widens by six bps

This week was very quiet on the Eurobond market. In fact, a shy local demand appeared that was met by a very small foreign offer. Within this context, bond prices remained relatively stable week-on-week, as shown by a tiny decline in the average yield of three basis points to reach 4.60%. The average bond spread widened by six basis points to reach 253 basis points, mainly due to a drop in benchmark yields.

For instance, the average yield on five-year US Treasury bills declined from 2.11% last week to 2.00% this week following a rise in US jobless claims and weaker-than-expected manufacturing data.

Eurobonds Indicators	18/6/10	11/6/10	31/12/09
Total tradable size \$m	17,834	17,821	17,704 ↑
o.w.: Sovereign bonds	17,364	17,351	17,134 ↑
Average Yield	4.60%	4.63%	5.31% ↓
Average Spread	253	247	290 ↑
Average Life	4.79	4.81	4.57 ↓
Yield on US 5-year note	2.00	2.11%	2.62% ↓

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ARAB STOCK MARKETS INDICES:

	18-Jun-10	11-Jun-10	31-Dec-09	Weekly change	End-year-to-date change
Lebanon	141.6	142.7	144.0	-0.8%	-1.7%
Jordan	130.0	132.0	149.9	-1.5%	-13.3%
Egypt	791.7	770.6	784.9	2.7%	0.9%
Saudi Arabia	407.2	392.9	389.3	3.6%	4.6%
Qatar	622.0	607.8	611.1	2.3%	1.8%
UAE	194.3	193.5	229.3	0.4%	-15.3%
Oman	836.1	834.3	837.2	0.2%	-0.1%
Bahrain	256.1	263.8	331.9	-2.9%	-22.8%
Kuwait	562.1	575.5	554.5	-2.3%	1.4%
Morocco	431.4	425.1	417.0	1.5%	3.4%
Tunisia	1,161.3	1,162.8	1174.1	-0.1%	-1.1%
Arabian Markets	478.1	469.0	470.5	1.9%	1.6%

Sources: MSCI Barra, Bank Audi's Research Department

INTERNATIONAL MARKET INDICATORS:

	18-Jun-10	11-Jun-10	31-Dec-09	Weekly change	End-year-to-date change
EXCHANGE RATES					
YEN/\$	90.80	91.51	92.46	-0.8%	-1.8%
\$/£	1.482	1.462	1.589	1.4%	-6.7%
\$/Euro	1.238	1.211	1.432	2.3%	-13.5%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	10,450.64	10,211.07	10,548.51	2.3%	-0.9%
S&P 500	1,117.51	1,091.60	1,126.42	2.4%	-0.8%
NASDAQ	2,309.80	2,243.60	2,291.28	3.0%	0.8%
CAC 40	3,687.21	3,555.52	3,935.50	3.7%	-6.3%
Xetra Dax	6,216.98	6,047.83	5,957.43	2.8%	4.4%
FT-SE 100	5,250.84	5,163.68	5,397.90	1.7%	-2.7%
NIKKEI 225	9,995.02	9,705.25	10,546.44	3.0%	-5.2%
COMMODITIES					
GOLD OUNCE	1,256.35	1,225.90	1,095.70	2.5%	14.7%
SILVER OUNCE	19.12	18.18	16.83	5.2%	13.6%
BRENT CRUDE (barrel)	77.59	74.06	77.66	4.8%	-0.1%
LEADING INTEREST RATES (%)					
1-month Libor	0.35	0.35	0.23	0.00	0.12
US Prime Rate	3.25	3.25	3.25	0.00	0.00
US Discount Rate	0.75	0.75	0.50	0.00	0.25
US 10-year Bond	3.23	3.23	3.84	-0.01	-0.61

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