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Figures released by the Ministry of Tourism indicate that the number of tourists visiting Lebanon reached 732,855 during the first five months of 2010, up annually by 29%.

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## ▶ MARKETS IN BRIEF

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Lebanese capital markets saw a regular activity during this week. On the foreign exchange market, the US Dollar remained on offer, in larger volumes relative to the previous week, which called the Central Bank of Lebanon to intervene as a buyer of the green currency surpluses at LP 1,501.00. Within this context, local currency liquidity remained quite abundant on the money market and the overnight rate remained stable at its low official level of 2.75% set by the Central Bank of Lebanon. As to the Treasury bills market, interest rates continued their downward slope on the primary market, with the average yield on the five-year category dropping by 12 basis points to 6.16%. At the level of the equity market, stock prices saw a decline this week, as reflected by a 1.3% decrease in the BSE price index to 139.80, while the trading volume index increased by 15.1%. On the Eurobond market, a shy local offer appeared that was offset by enough local demand. Within this context, bond prices remained stable while the average spread widened slightly by four basis points to reach 257 basis points, as news about an unexpected drop in US home sales underscored the likelihood the Federal Reserve would keep interest rates low for a long time.

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## ► ECONOMY

### Tourism activity up by 29% in the first five months of 2010

Figures released by the Ministry of Tourism indicate that the sector's activity has grown during the first five months of 2010 compared to the same period last year. Indeed, the number of tourists visiting Lebanon saw an annual increase of 28.6% during the aforementioned period of this year to reach 732,855 compared to 569,724 during the same period of 2009.

This year-on-year progress sustains the significant rise in overall tourism activity throughout the year 2009, resulting from the stable political situation and the strong resilience of the Lebanese economy to the global financial crisis. Moreover, the number of tourists that visited the country in the first five months of 2010 reached a record high when compared to the same period of previous years as the country initiates what is expected to be a historical tourism season.

The distribution of tourists by origin in the first five months of 2010 indicates that the majority of visitors were from Arab countries with 41% of aggregate visitors, followed by visitors from Europe with 25%, visitors from Asia with 19%, visitors from the Americas with 10%, visitors from Oceania with 3%, and visitors from Africa with 2%.

In terms of individual countries, Jordan accounted for the majority of visitors in the first five months of 2010 with 103,103 (14% of the total), followed by Iran with 92,379 (13%), then Saudi Arabia with 58,666 (8%), and France with 46,829 (6%).

### Merchandise trade activity up by 15% in the first five months of 2010

Favorable economic conditions in Lebanon have left the country's external sector in the first five months of 2010 in a good position to reap positive spillovers arising in the wake of worldwide recovery from the global financial crisis. Lebanon's merchandise trade activity flourished, with both imports and exports posting significant growth.

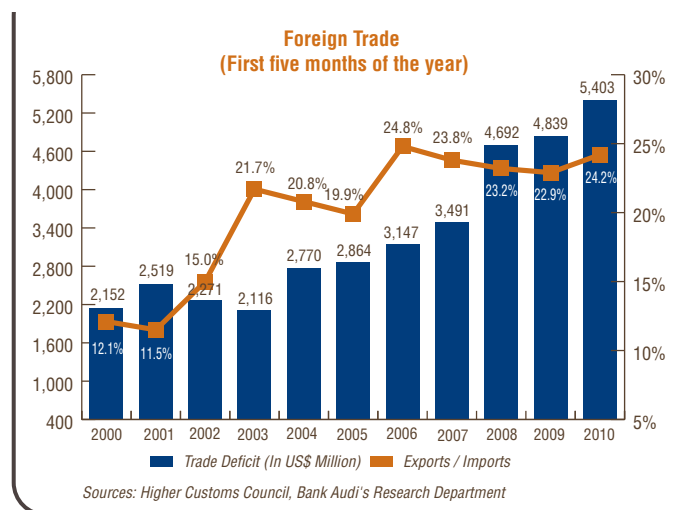
Figures released by the Higher Customs Council show that aggregate imports and exports totaled US\$ 8,859 million in the first five months of 2010, rising by 14.8% from US\$ 7,719 million in the same period of 2009.

In details, total exports amounted to US\$ 1,728 million in the first five months of 2010, up by 20.0% relative to the same period of 2009. External demand for Lebanese products is to a large extent shaped by overall economic conditions in Lebanon's main trade partners which happen to be Arab countries in the first degree and European countries in

the second degree. Those countries are currently witnessing a recovery from the global financial crisis, and this is positively affecting demand for Lebanese products.

In parallel, imports amounted to US\$ 7,131 million in the first five months of 2010, up by 13.6% when compared to the first five months of 2009. Although the increase in imports aggravates the country's trade and current account deficits, it bodes well for domestic economic activity in the country, as it mirrors a rise in demand by Lebanese consumers and investors. As a matter of fact, the growth in Lebanon's imports was triggered by a significant upsurge of 41.4% in imports of consumer products as well as a rise of 12.7% in imports of investment products.

The significant growth in exports within the context of a smaller growth in imports has resulted in a gradual moderation in the growth of the trade deficit from 44.5% in the first quarter of 2010 to 13.3% in the first four months of the year to 11.7% in the first five months of 2010. The trade deficit was at US\$ 5,403 million in the first five months of 2010, compared to US\$ 4,839 million in the same period of 2009. Furthermore, the export-to-import coverage ratio improved from 22.9% in the first five months of 2009 to 24.2% in the first five months of 2010.



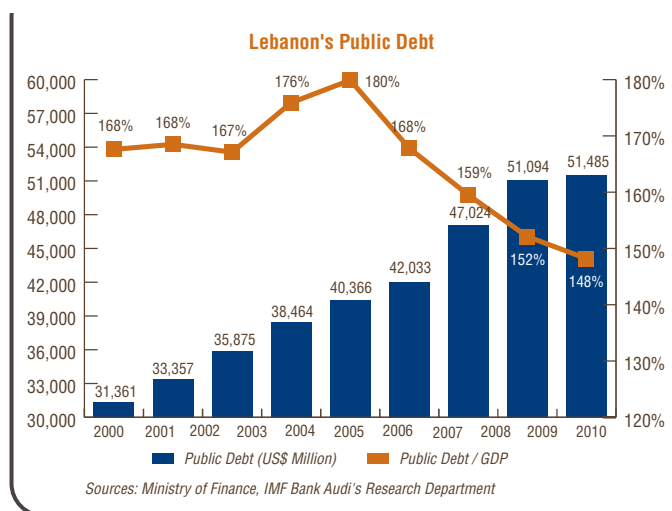
### Public debt-to-GDP ratio at 148% in the first four months of 2010

Figures released by the Association of Banks in Lebanon indicate that gross public debt slightly increased to LP 77,613 billion (the equivalent of US\$ 51.5 billion) at the end of April 2010 against LP 77,588 billion at the end of March 2010. Gross public debt increased in the first four months of 2010 by 0.8%, compared to a growth of 1.7% in the same months of 2009. Net public debt, which subtracts public sector deposits at commercial banks and the central bank from gross public debt, rose by 0.5% during the first four

months of 2010 to reach LP 66,840 billion.

The shares of the local currency debt and foreign currency debt of the total gross were around 59.0% and 41.0% respectively at the end of April 2010. The distribution of local currency debt by type of holder was as follows: 60.2% for banks (60.8% end of March 2010), 23.0% for the Central Bank (22.8% in the previous month) and 16.8% for the non-banking sector (16.4% one month earlier). The breakdown of the foreign currency debt was as such: Eurobonds (85.3%), Multilateral (7.0%), Paris II loans (1.6%), Bilateral (4.6%), and others (1.5%). The average maturity of the government debt securities denominated in the domestic currency is estimated at 565 days as at end April 2010, with a weighted interest of 8.32%, while the average maturity of the government debt instruments denominated in foreign currencies is about 5.04 years, with a weighted interest of 7.31%.

It is worth noting that while public debt remains a major constraint in Lebanon, dynamics were in favor of the country over the past few years. Its debt-to-GDP ratio dropped from a high of 180% in 2006 to a current 148% due to high economic growth. Lebanon's debt profile has also improved in terms of currency structure, with the foreign currency portion of total debt decreasing from more than 50% in 2006 to 41% today, with what this entails in terms of redemption capacity on behalf of the government that has full control over its local currency. Furthermore, Lebanon's debt is domestic to a large extent, with around 88% of debt held by Lebanese individuals and institutions.



### Imports of industrial machinery up by 7% in the first four months of 2010

According to statistics released by the Ministry of Industry, imports of industrial machinery, which mirror the activity of investments made in the industrial sector, amounted to

US\$ 77.1 million in the first four months of 2010, up by 7.2% from the same period of 2009. The value of imports of industrial machinery reached a record high when compared to the first four months of the previous years, indicating an upsurge in industrial activity or plans to intensify industrial activity in the country.

On a monthly basis, imports of industrial machinery were valued at US\$ 19.2 million during April 2010, rising by 7.5% relative to the same month of the previous year. When compared to the previous month though, they fell by 7.7%. It is worth noting however, that so far almost every month in 2010, except for March, witnessed a year-on-year rise in imports of industrial machinery.

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The distribution of imported industrial machinery by country of origin in the first four months of 2010 reveals that Italy was the largest exporter of industrial machinery to Lebanon with exports worth US\$ 19.7 million and accounting for about 25.5% of the total. It was followed by Germany with US\$ 12.5 million (16.2%), China with US\$ 10.8 million (14.0%), Sweden with US\$ 5.9 million (7.6%), France with US\$ 4.9 million (6.3%), Turkey with US\$ 4.2 million (5.5%), and the United States with US\$ 3.3 million (4.3%).

### Lebanese government approves US\$ 13 billion budget

The Lebanese government has approved last week its budget for 2010 which exceeds US\$ 13 billion. The budget, the first to be approved by cabinet since 2005, was endorsed on Friday June 18th and must now be submitted to parliament. Amounting to US\$ 13.33 billion, the budget is based on relatively modest economic growth of 4.5%, as per the Finance Ministry. That compares with the International Monetary Fund's 2010 growth forecast of at least 8%. However, sources at the Ministry indicated that the Ministry should remain cautious on growth forecasts, but all the indicators suggest much higher growth than 4.5%.

The 2010 budget projects expenditure of US\$ 13.3 billion and revenues of US\$ 9.3 billion. The resulting deficit of US\$ 4 billion represents 10% of GDP, up from 9% at the end of 2009. Currently, Lebanon's gross debt tops US\$ 50 billion (some 148% of GDP). Around 35% of the new budget is dedicated to servicing this debt, which the government has managed to reduce from 180% of GDP since 2006. Meanwhile, government sources indicated that the power sector had been earmarked for 15% of the government's draft budget.

## ► SURVEYS

### **Banks holds most of local currency T-bills while market-issued Eurobonds dominate foreign currency debt according to the Ministry of Finance**

“Debt and Debt Markets”, a quarterly bulletin released by the Lebanese Ministry of Finance, revealed that up until end-March 2010, commercial banks remained the major holder of local currency T-Bill subscriptions, while the lion’s share of foreign currency debt continued to be in the form of market-issued Eurobonds.

Highlights in the Lebanese debt market in the first quarter include the continuous downward trend in primary market rates on Treasury bills and notes across all maturities. The highest decrease in rates was seen for the 60- month Treasury Notes whose rate decreased by 36 basis points since year-end 2009 to reach 7.38%. The rate of the 24-month instrument went down by 28 basis points during the same period reaching 6.04%. The yield of 36-month Treasury Notes decreased to 6.86%, 24 basis points lower than at end-2009.

Also, on March 9th, 2010, the Lebanese Republic issued a ten-year US\$ 1.2 billion Eurobond at par with a coupon of 6.375%. The deal was substantially oversubscribed reflecting strong domestic demand and quality demand from international investors. International orders accounted for 30 percent of subscriptions. The lead managers for the transaction were BNP Paribas, BLOM Bank S.A.L, and Fransinvest Bank S.A.L.

An in-depth look at foreign currency debt suggests that 69.5% of this debt is in the form of market-issued Eurobonds, 14.8% stems from Paris II debt, 8.1% is in the form of bilateral, multilateral and foreign private sector loans, 6.1% is Paris III related debt, and 1.4% is in the form of special T-bills in foreign currency. The study went on to list outstanding Eurobonds in Lebanon at end-March 2010, which added up to US\$ 17.6 billion, with an average maturity of 5.1 years and a weighted average coupon rate of 7.31%.

Furthermore, the study provided a detailed breakdown of foreign currency bilateral and multilateral loans by currency and by sector, noting that those loans amounted to LP 4,259 billion. The former breakdown showed that foreign currency bilateral and multilateral loans are mostly in Euros, as 33% of the said loans are in the latter currency. Another important 31% of those loans are in US Dollars, while 18% are in Kuwaiti Dinars. The remaining is divided between Islamic Dinars with 7%, Saudi Arabian riyals with 3%, SDRs with 5% and other currencies with 3%. In parallel, the breakdown of such loans by sector revealed that the majority of those loans are allocated for budgetary support, with a share of 48%, noting that budgetary support loans include the AFD loan and IBRD Paris III loans. Moreover,

17% of such loans are allocated to the water sector, followed by the transportation sector with a share of 10%, the education sector, which received 8% of those loans, the power sector with 7%, general technical and government services with 4%, the health sector with 3%, and the social sector with 2%.

Finally, regarding local currency debt, the report indicated that commercial banks were the major holder of T-Bill subscriptions in the first quarter of the year, with a share of 61.1%. The second highest share was held by the Central Bank of Lebanon, with a share of 22.4%, while public institutions had the lowest allocation of 13.2%. The remaining 3.4% was held by other investors.

### **Lebanon’s 2010 Failed State Index Score advances as per the Fund for Peace**

According to the Fund for Peace, Lebanon recorded a progress in terms of the Failed State Index as its score declined from a total of 93.5 in 2009 to 90.9 this year, which mirrors a decreasing intensity of political, economic and social tensions.

The Failed State Survey gauges the performance of the country within three indicators, the first being social which holds four sub-indices, the second being economics which holds two sub-indices and the third being politics which holds six sub-indices. The score for each sub-indicator ranges from 0 to 10 with the first showing a low intensity of conflicts and the second showing the highest. Therefore, the countries are ranked from the worst performer to the best.

Within the social indicators, Lebanon’s score advanced in all sub-indices as its total reached 31.7 out of 40 relative to 32.4 out of 40 seen in the previous survey. This reflects weaker demographic pressures, better conditions for refugees as well as the internally displaced people, lower group grievance, and lower human flight.

With regard to the economic indicators, Lebanon’s total also improved in both sub-indicators attaining a score of 13.3 out of 20 versus 13.7 out of 20 in the previous poll. Hence, there is a more even economic development along group lines and a better pattern of economic expansion.

As to the political indicators, results were at 45.9 out of 60 against 47.4 out of 60 witnessed in 2009. Indeed, the country is showing lower tensions on all political levels since it showed better performances in all sub-indices.

On a global level, Lebanon ranked 34th surpassing Congo, Iran, and Liberia while it came behind Burkina Faso, Uzbekistan and Georgia. Regionally, Lebanon ranked in the fourth position after Sudan, Iraq and Yemen.

## ► CORPORATE NEWS

### **Damac Properties launches downtown Beirut's Damac Tower**

Damac Properties, a regional private residential, leisure and commercial developer recently announced the launch of Damac Tower, a new high-rise building set to open its doors in 2013 and located in down town Beirut.

Furthermore, Damac has tied up with Versace, the world-renowned Italian fashion house, to provide exclusive interior design by Versace Home.

Damac Tower, a high rise luxury tower would feature spacious private units with custom designed interiors. All the common areas including health and fitness facilities, concierge reception, and main lobby would feature Versace Home products.

In 2009, Damac joined forces with Versace Home to launch the company's first retail outlet in the UAE.

Established in 2002, Damac Properties operates in Dubai and the Middle East. Since inception, Damac Properties has expanded into North Africa, Jordan, Lebanon, Qatar and Saudi Arabia.

### **Noor International Holding launches Sawfar Country Club project**

Noor International Holding recently announced the launch of its first project in the Majdil Baana aestivation area, termed Sawfar Country Club.

The project is comprised of 58 villas and 15 residential buildings.

Sawfar Country Club is one of a series of construction projects launched by Noor Holding in Lebanon. Simultaneously, Noor Group has launched a marketing office in Bhamdoun to cover all Noor projects in the mountain area.

As per company officials, Noor International Holding's strategy is to establish partnerships with reputed companies in this field in order to create a wide selection of multi-sized projects in various sites to meet the different needs of both residents and expatriates visiting Lebanon.

Established in 1994, the Lebanon-based Noor International Holding is engaged in residential and commercial real estate management, investment and development through offices

in the MENA region, the UK and the US.

### **Eva Hotels launch second phase of Al Abadie Hills project**

Eva Hotels and Resorts announced the commencement of work on the second phase on Kempinsky Residence, a real estate project developed by Al Abadie Hills in conjunction with the Kuwait Real Estate Company.

The newly initiated project phase, located between Aley and Bhamdoun, would include 66 luxury units. The first phase is on the verge of completion and the new residential units would be delivered to buyers by the end of the summer season as declared by company officials.

The completed project stretches on an area of 7.5 hectares and encompasses luxury villas, residential units, in addition to several leisure facilities.

### **Italy's IFAD launches US\$ 16.6 million program to help farmers fight water scarcity in Lebanon**

The International Fund for Agricultural Development (IFAD) has launched a US\$ 16.6 million rural development program in Lebanon, termed The Hilly Areas Sustainable Agricultural Development Project. The latter is aimed at helping small-scale farmers and rural communities fight water scarcity, in the areas of Akkar-Dannieh, North Baalbeck and Hermel, South and Lower Litani, and Mount Lebanon.

IFAD would grant a US\$ 4 million loan and provide a US\$ 600,000 grant to finance the project. To reduce the problem of water scarcity, the project would introduce improvements in soil and water management and help develop small and medium-sized water harvesting and conservation measures. It would also aim to improve market linkages for small farmers through the provision of technical support services, while strengthening farmers' organizations and building local institutional capacities.

According to newswires, the project would help raising productivity, improve the quality of produce and lower production costs for existing farming systems. With US\$ 8.4 million of co-financing from the OPEC Fund for International Development, the project would also help add value to farmers' produce through post-harvest support services. With this latest project, IFAD would have financed four projects in Lebanon worth a total of US\$ 36.4 million.

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## ► CAPITAL MARKETS

### Money Market: Weekly rise in total deposits

The overnight rate remained stable at its low official level of 2.75% set by the Central Bank of Lebanon, within the context of continuous conversions in favor of the Lebanese Pound on the foreign exchange market and ample local currency liquidity on the money market.

As to short-term Certificates of Deposits, LP 130 billion were placed in the 60-day category. As such, subscriptions totaled LP 2,093 billion since the beginning of the year 2010, and were distributed as follows: LP 336 billion in the 45-day category and LP 1,757 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.

Within this context, the latest figures released by the Association of Banks in Lebanon showed that the total outstanding CDs portfolio amounted to LP 24,421 billion at end-April 2010, up by LP 630 billion relative to the previous month and by LP 2,965 billion since year-end 2010. The weighted average rate on CDs stood at 9.34% at end-April 2010 as compared to 9.45% at end-March 2010 and 9.63% at end-December 2009.

On the monetary aggregates level, figures for the week ending 10th of June 2010 indicated an increase of LP 228 billion in local currency deposits, as a result of a growth of LP 264 billion in LP time deposits and a LP 36 billion decline in LP demand deposits week-on-week. Deposits in foreign currencies dropped by US\$ 82 million. These weekly variations compare to an average weekly increase of LP 198 billion for LP deposits since the beginning of the year 2010, and an average weekly rise of US\$ 28 million in foreign currency deposits. Within this context, LP money supply (M2) expanded by LP 183 billion during the week ending 10th of June 2010, as compared to an average weekly increase of LP 202 billion since the beginning of the year 2010. In addition, total money supply in its large sense (M4) widened by LP 32 billion week-on-week, as compared to an average weekly increase of LP 253 billion since the beginning of the year 2010.

On a cumulative basis, money supply in its large sense (M4) widened by LP 5,780 billion since the beginning of the year 2010. This is the result of an increase in local currency denominated time deposits of LP 4,718 billion, a rise in for-

Interest rates	25/6/10	18/6/10	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% ↔

foreign currency deposits of LP 906 billion (the equivalent of US\$ 601 million), a decline in money supply (M1) of LP 17 billion, and a growth in Treasury bills held by the public of LP 173 billion since the beginning of the year 2010.

### Treasury Bills Market: Average yield at 8.44% at end-April

The secondary Treasury bills market was active during this week, with market players trading medium-term to long-term maturities in large volumes.

As to the primary market, the preliminary results of this week's auction (June 23, 2010) showed that the average yield on the three-month category rose by three basis points to reach 3.94%, while the average yield on the six-month category fell by 19 basis points to hit 4.43%, and the average yield on the five-year category tumbled by 12 basis points to reach 6.16%. It is worth mentioning that the Central Bank of Lebanon allowed commercial banks to subscribe to 25% of their accepted bids in the three-month, six-month and five-year categories, while it allowed public institutions to subscribe to 10%, 20% and 50% of their bids in these categories respectively.

On the other hand, the Central Bank of Lebanon released this week the auction results for value date June 17, 2010 which showed that total subscriptions amounted to LP 312 billion, and were distributed as follows: LP 47 billion in the one-year category, LP 82 billion in the two-year category and LP 183 billion in the three-year category. These compare to maturities of LP 241 billion, resulting in a nominal surplus of LP 71 billion.

The latest monthly report released by the Association of Banks in Lebanon showed that the total Tbs portfolio amounted to LP 44,584 billion at end-April 2010 versus LP 44,431 billion at end-March 2010 and LP 43,758 billion at

Treasury bills	25/6/10	18/6/10	31/12/09
3-month	3.94%	3.91%	4.55% ↑
6-month	4.43%	4.62%	5.72% ↓
1-year	4.88%	4.88%	5.73% ↔
2-year	5.36%	5.36%	6.32% ↔
3-year	5.88%	5.88%	7.10% ↔
5-year	6.16%	6.28%	7.74% ↓
Nom. Subs. (LP billion)		312	500
Short-term (3&6 mths)		-	-
Medium-term (1&2 yrs)		129	49
Long-term (3 yrs)		183	451
Long-term (5 yrs)		-	-
Maturities		241	232
Nom. Surplus/Deficit		71	268

end-December 2009. The weighted average yield on outstanding Treasury bills reached 8.44% at end-April 2010 as compared to 8.58% at end-March 2010 and 8.66% at end-December 2009.

### Foreign Exchange Market: Stronger pace of FC-to-LP conversions

The foreign exchange market saw stronger pace of conversions in favor of the Lebanese Pound this week relative to the previous week. This called the Central Bank of Lebanon to intervene as a buyer of the green currency surpluses at the lower end of its intervention bracket (LP 1,501.00). In parallel, activity was shy on the interbank market and commercial banks traded the US Dollar at a rate hovering between LP 1,501.00 and LP 1,502.00.

Exchange rates	25/6/10	18/6/10	31/12/09
LP/US\$	1,507.5	1,507.5	1,507.5 ↔
LP/£	2244.97	2,235.92	2,389.24 ↓
LP/¥	16.82	16.50	16.34 ↓
LP/SF	1366.60	1,352.99	1,451.33 ↓
LP/Can\$	1444.80	1,471.59	1,436.12 ↑
LP/Euro	1851.96	1,864.93	2,159.95 ↑

### Stock Market: Prices in decline on selling operations

Equity prices were in decline during this week as a result of some selling operations. In fact, the BSE price index declined by 1.3% to reach 139.80. In parallel, the number of shares traded rose from 1,710,378 shares last week to 1,824,788 shares this week. Within this context, the total trading value increased from US\$ 10.8 million last week to US\$ 12.5 million this week. The average daily trading value rose from US\$ 2.2 million last week to US\$ 2.5 million this week, which resulted in a growth in the trading volume index of 15.1%.

In details, Solidere shares accounted for 33% of activity this

Audi Indices for BSE	25/6/10	18/6/10	31/12/09
<i>22/1/96=100</i>			
Market Cap. Index	497.06	503.42	505.10 ↓
Trading Vol. Index	91.82	79.75	115.58 ↑
Price Index	139.80	141.59	144.04 ↓
Change %	-1.26%	-0.76%	0.91% ↑
Market Cap. \$m	11,792	11,943	11,983 ↓
No. of shares traded	1,824,788	1,710,378	248,012 ↑
Value Traded \$000	12,458	10,822	6,434 ↑
o.w. : Solidere	4,061	2,519	2,055 ↑
Banks	7,755	8,070	4,375 ↓
Others	642	233	4 ↑

week, with a trading value of US\$ 4.1 million. Solidere "A" share price retreated by 1.4% to US\$ 22.78, and Solidere "B" share price declined by 1.2% to US\$ 22.73.

As to the banking shares, they accounted for 63% of activity this week, registering a total trading value of US\$ 7.8 million. In details, Bank Audi's "listed" share price remained unchanged at US\$ 8.20, while Bank Audi's GDR price edged down by 0.1% to close at US\$ 8.25. BLOM's "listed" share price nudged down by 0.1% to US\$ 89.90. Byblos Bank's "listed" share price retreated by 1.1% to US\$ 1.77, while Byblos Bank's "priority" share price remained unchanged at US\$ 1.82. Bank of Beirut's share price decreased by 0.5% to US\$ 18.40. Among the industrial shares, Rymco's share price tumbled by 25.0% to US\$ 2.25. Holcim's share price edged down by 0.1% to US\$ 13.94.

As compared to other emerging stock markets, the BSE's performance was similar this week, as shown by a 0.6% decline in the Morgan Stanley Capital International Emerging Market Free Index (MSCI EM). However, the BSE performed lower than other Arabian and GCC equity markets, as reflected by a 0.4% increase in the Morgan Stanley Capital International Arabian Markets Index (MSCI Arabian Markets) and 0.7% rise the Morgan Stanley Capital International GCC Countries Index (MSCI GCC Countries Index).

### Bond Market: Balanced activity triggers stable bond prices

The Eurobond market saw a shy local offer during this week that was offset by enough local demand. Within this context, bond prices remained stable week-on-week, as shown by stability in the average yield at 4.60%. The average spread widened slightly by four basis points to reach 257 basis points due to stability in Lebanese yields and decline in benchmark yields.

For instance, the average yield on five-year US Treasury bills declined from 2.00% last week to 1.95% this week, as news of a precipitous fall in US new home sales underscored the likelihood the Federal Reserve would keep interest rates low for a long time.

Eurobonds Indicators	25/6/10	18/6/10	31/12/09
Total tradable size \$m	17,829	17,834	17,704 ↓
o.w.: Sovereign bonds	17,359	17,364	17,134 ↓
Average Yield	4.60%	4.60%	5.31% ↔
Average Spread	257	253	290 ↑
Average Life	4.77	4.79	4.57 ↓
Yield on US 5-year note	1.95	2.00	2.62% ↓

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**ARAB STOCK MARKETS INDICES:**

	25-Jun-10	18-Jun-10	31-Dec-09	Weekly change	End-year-to-date change
Lebanon	139.8	141.6	144.0	-1.3%	-2.9%
Jordan	134.2	130.0	149.9	3.2%	-10.5%
Egypt	780.0	791.7	784.9	-1.5%	-0.6%
Saudi Arabia	406.7	407.2	389.3	-0.1%	4.5%
Qatar	628.6	622.0	611.1	1.1%	2.9%
UAE	201.9	194.3	229.3	3.9%	-11.9%
Oman	846.4	836.1	837.2	1.2%	1.1%
Bahrain	272.4	256.1	331.9	6.4%	-17.9%
Kuwait	570.7	562.1	554.5	1.5%	2.9%
Morocco	424.3	431.4	417.0	-1.7%	1.7%
Tunisia	1,143.1	1,161.3	1174.1	-1.6%	-2.6%
Arabian Markets	479.9	478.1	470.5	0.4%	2.0%

Sources: MSCI Barra, Bank Audi's Research Department

**INTERNATIONAL MARKET INDICATORS:**

	25-Jun-10	18-Jun-10	31-Dec-09	Weekly change	End-year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	89.38	90.80	92.46	-1.6%	-3.3%
\$/£	1.499	1.482	1.589	1.2%	-5.7%
\$/Euro	1.235	1.238	1.432	-0.3%	-13.8%
<b>STOCK INDICES</b>					
DOW JONES INDUSTRIAL AVERAGE	10,143.81	10,450.64	10,548.51	-2.9%	-3.8%
S&P 500	1,076.76	1,117.51	1,126.42	-3.6%	-4.4%
NASDAQ	2,223.48	2,309.80	2,291.28	-3.7%	-3.0%
CAC 40	3,519.73	3,687.21	3,935.50	-4.5%	-10.6%
Xetra Dax	6,070.60	6,216.98	5,957.43	-2.4%	1.9%
FT-SE 100	5,046.47	5,250.84	5,397.90	-3.9%	-6.5%
NIKKEI 225	9,737.48	9,995.02	10,546.44	-2.6%	-7.7%
<b>COMMODITIES</b>					
GOLD OUNCE	1,254.50	1,256.35	1,095.70	-0.1%	14.5%
SILVER OUNCE	19.03	19.12	16.83	-0.5%	13.1%
BRENT CRUDE (barrel)	77.82	77.59	77.66	0.3%	0.2%
<b>LEADING INTEREST RATES (%)</b>					
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	3.12	3.23	3.84	-0.11	-0.72

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