

The Lebanon Weekly Monitor

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Lebanese capital markets were underpinned by a drop in equity prices week-on-week, weak activity on the bond market, continuous FC-to-LP conversions on the foreign exchange market, and stable interest rates on Tbs. In details, the BSE price index fell by 1.5% week-on-week, on the back of a drop in prices of most traded shares, especially heavyweight Solidere "A" and "B" shares that posted a fall of 4% and 5% in prices respectively, noting that the decline came within the context of a quorum held in the General Assembly meeting on Monday 19 that gave approval for dividends' distribution, added to some concerns about local security conditions. As to the bond market, activity was sluggish with foreign investors remaining on the sidelines and local participants trading in low volumes. The average spread tightened by five basis points week-on-week. At the level of the FX market, conversions in favor of the Lebanese Pound continued this week, in higher volumes relative to the previous week. The Central Bank intervened as a buyer of the green currency surpluses at LP 1,501.00, while the LP/US\$ interbank rate ranged between LP 1,501.00 and LP 1,501.25. On the Tbs market, yields on the three-month and six-month categories edged up by one basis point and three basis points to reach 3.94% and 4.52% respectively, while the yield on the five-year category remained unchanged at 6.16%.

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IMF note identifies service sector as the main growth driver over the past decade

The IMF recently issued a note in which it identifies the main contributors to Lebanon's real GDP growth over the past decade, based on the official national accounts available since 1997. The contributions to growth combine the rate of growth of each sector with their respective weight in total GDP.

Lebanon is a service-based economy. The IMF found that the main determinants of GDP growth in Lebanon over the period extending between 1997 and 2008 were services, namely trade, telecoms and banks, while industry and agriculture had a modest contribution. Lebanon's real GDP grew by a cumulative 40.9% over that period, with services contributing a cumulative 30.6%. Among services, the largest contributors were trade (9.4%), transport and communications (6.9%) and financial services (4.8%).

Several other services that contributed to GDP growth were educational services (2.3%), health services (2.2%), business services (2.0%) and hotels and restaurants (1.5%). This reflects the opening and the development of private schools and universities, private hospitals and clinics, and hotels and restaurants.

According to the IMF note, only two sectors saw a significant rise of their share in total GDP over the period 1997-2008, namely transport and communications (telecoms) and financial services (banks). Other sectors either declined in importance or remained the same, including industry and agriculture. This proves the structural transformation of the economy, namely the development of a relatively large telecom sector and an important banking sector in Lebanon in recent years.

On the demand side, private consumption was the largest contributor to growth over the 1997-2008 period, with a cumulative 28.5% share, followed by private investment

with a 14.8% share, and public consumption with a 5.1% contribution. The IMF note indicated that the large contribution of private investment contrasted with the negative contribution of public sector investment (-3%) over that period. The negative public investment was due to the significant lack of investment in infrastructure by the public sector over the past decade. As for the negative net exports witnessed over the 1997-2008 period, they reflected the persistently strong external imbalances, slow export growth and the high import content of GDP.

Finally, the IMF note concluded that growth in Lebanon was lower and more volatile than in the rest of the MENA region over the period extending between 1997 and 2008. Lebanon's real GDP growth averaged only 3.7% per year during that period, while the MENA region recorded a real GDP growth of 4.7%.

Consumer prices up by 3.2% in the first half of 2010

According to figures release by the Consultation and Research Institute (CRI), Lebanon witnessed an increase in its consumer price index (CPI) of 3.2% in the first half of this year. This increase comes in spite of the deflation witnessed in February and March 2010, as the CPI dropped month-on-month by 0.26% and 0.42% during the said two months. On a yearly basis, the CPI edged up by 3.98% in June 2010 compared to the same month of the previous year.

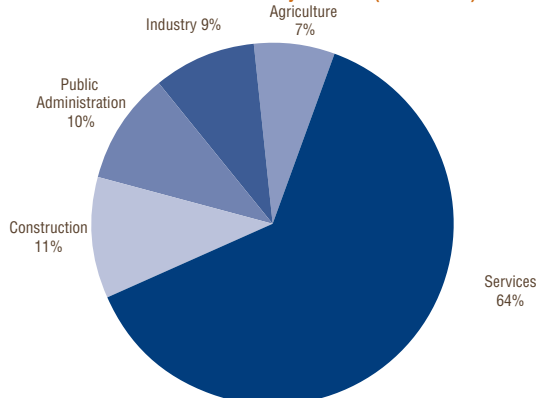
The increase in the CPI over the first half of 2010 was attributed to a rise of 10.07% in prices of miscellaneous goods and services, 7.82% in prices of food and beverages, 2.27% in prices of housing, 0.22% in prices of recreation, and 0.05% in prices of healthcare.

Miscellaneous goods and services, the sub-index which gauges 4.02% of the overall CPI weight, increased as prices of jewelry rose by 23.49% and prices of personal care increased by 6.15%. Food and beverages, which encompasses 35.40% of the overall weight, were the second component to push the inflation rate up on the back of an 8.28% rise in prices of food, a 3.21% growth in prices of tobacco products, and increases of 1.69% and 0.28% in prices of non-alcoholic and alcoholic beverages, respectively.

As to housing which captures 6.49% of the overall measure, their prices went up due to a growth of 3.49% in prices of household energy which was not offset by the drop of 0.45% in household maintenance fees.

The prices of recreation, a fourth component weighing 2.70% of the total, were mainly driven by the 1.20% step-up in prices of reading materials and photography. With

Breakdown of Real GDP by sectors (1997-2008)



Sources: IMF, Bank Audi's Research Department

respect to prices of healthcare which weigh 9.82% of the total, they almost remained unchanged as the 3.75% rise in costs of medications and medical accessories was offset by a 3.58% decrease in prices of inpatient services.

Apparel, durable consumer goods, as well as transportation and telecommunications were the sole components to post price decreases in the first half of 2010. Prices of apparel went down by 6.24%, mainly because of a drop of 13.48% in prices of clothing & sewing materials which was not counterbalanced by the 14.59% rise in the prices of footwear (as the weights of footwear and clothing & sewing materials differ).

Prices of durable consumer goods decreased by 0.34%, on the back of a 22.60% decrease in prices of glassware, a 5.34% decline in those of kitchenware, a 2.39% drop in those of appliances, and a 0.06% decrease in those of cleaning products and services. Finally, transportation and telecommunications prices diminished by 0.31%, due to a drop of 0.34% in transportation charges.

The CPI uses 2004 as the base year, and is composed of 231 categories with collected prices covering about 720 items. Within the CPI, food and beverages have a weight of 35.40%, followed by transport and telecommunication with 14.39%, education with 12.45%, healthcare with 9.82%, durable consumer goods with 8.18%, clothes and shoes with 6.55%, housing with 6.49%, personal care and other products with 4.02% and leisure with 2.70%.

Property market flourishes in the first half of 2010

Lebanon's property market exhibited a strong performance during the first half of this year as it sustained its growing trend on the back of increased remittances from Lebanese non-residents, a booming population growth, and vigorous tourism. Accordingly, data released by the Directorate of Real Estate for the aforementioned period of 2010 shows a continued improvement in the number of property sales transactions coupled with increasing values of such transactions.

In details, the number of property sales transaction edged up by 39.0% during the first six months of 2010 to attain 45,939 transactions, a historical high when compared to the same period of previous years. Furthermore, sales transactions to foreigners went up by 9.3% which mirrors a continuous interest by foreigners in the Lebanese property market.

As to the value of the property sales, it reached a record high of LP 7,106,054 million in the first half of 2010, up by 91.9% versus the same period of 2009, within the context of steady demand for realty. The significant increase in the value of

property sales transactions relative to a lower rise in the number of such transactions has resulted in a rise of 38.0% in the average value per property sale, which attained LP 154.7 million in the first half of 2010.

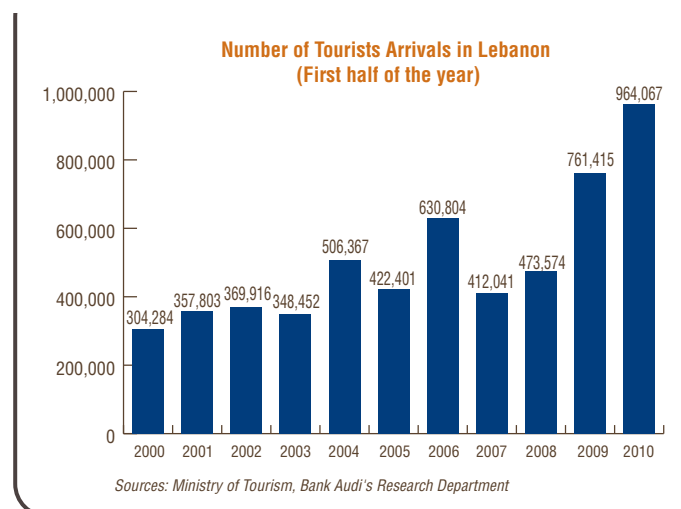
Tourism activity up by 27% in the first six months of 2010

The Figures released by the Ministry of Tourism pointed to a growth of 27% in the sector's activity during the first half of 2010. In fact, total number of tourists arriving to Lebanon soared to 964,067 during the first six months of this year versus 761,415 during the same period of last year. This year-on-year progress sustains the significant rise in overall tourism activity throughout the year 2009, resulting from the stable political situation. Moreover, the number of tourists that visited the country in the first six months of 2010 reached a record high when compared to the same period of previous years.

The distribution of tourists by origin in the first six months of 2010 indicates that the majority of visitors were from Arab countries with 40% of aggregate visitors, followed by visitors from Europe with 24%, visitors from Asia with 19%, visitors from the Americas with 12%, 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 six months of 2010 with 131,181 (14% of the total), followed by Iran with 116,412 (12%), then Saudi Arabia with 72,080 (7%), the United States of America and France with a corresponding 58,430 and 58,014 (6% each), and those of Iraq and Kuwait with a respective 48,052 and 44,007 (5% each). It is worth noting that total tourists from Turkey increased substantially to attain 16,197 (2%) subsequent to the cancellation of visa requirements for Turkish citizens visiting Lebanon.

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► SURVEYS

Beirut records highest year-on-year growth in average room rate in the Middle East region in the first half of 2010, as per Ernst & Young

The Middle East Hotel Benchmark survey released by Ernst & Young for the first half of 2010 indicated that Beirut hotels witnessed the highest year-on-year growth rate in the average room rate in the Middle East region. This augurs well for the hotel sector in the Lebanese capital, which, as a result of the continuously booming tourism sector in the country, is witnessing increased profitability.

The average room rate in hotels in the Lebanese capital reached US\$ 246 in the first half of 2010, up by 15.9% relative to the same period of the previous year. Following Beirut, the second highest rise in the average room rate was registered by Riyadh with 15.0%, followed by Sharm Al Shaikh with 9.8%, Amman with 5.8%, Jeddah with 5.3%, Madina with 2.3%, Hurghada with 1.7% Al Ain with 1.1%, Cairo with 0.3% and Manama with 0.1%. The rise in Beirut's average room rate has left the Lebanese capital with the 4th highest room rate in the Middle East, which attained US\$ 246, after Doha (US\$ 292), Manama (US\$ 264) and Kuwait (US\$ 263).

It is also worth noting that Beirut's rooms' yield witnessed the second highest year-on-year growth in the Middle East, as a result of the significant rise in the average room rate, given that the average hotel occupancy rate rose slightly year-on-year. As a matter of fact, Beirut's rooms' yield went up by 21.6% to reach US\$ 179 in the first six months of 2010. This rise came second only to the one witnessed in Sharm el Shaikh, at 22.7%. Meanwhile, other cities that witnessed an increase in their rooms' yield were Hurghada (16.2%), Amman (12.5%), Makkah (10.7%), Madina (9.0%), Cairo (6.9%), Jeddah (6.7%) Riyadh (3.9%) and Al

Ain (1.3%). The important increase in Beirut's rooms yield has positioned the Lebanese capital with the 3rd highest rooms' yield in the Middle East, at US\$ 179, following Doha (US\$ 205), and Abu Dhabi (US\$ 183).

As to Beirut's hotel occupancy, it grew by only 3% in the first half of 2010 relative to the same period of last year, and reached 72%. Beirut ranked 8th in terms of hotel occupancy in the Middle East region following Sharm el Shaikh (85%), Hurghada (84%), Dubai (78%), Makkah (76%), Cairo (75%), Abu Dhabi (74%) and Jeddah (73%). Overall, Beirut's hotel sector performed well in the first half of 2010, in line with the booming tourism in the country. The hotel sector is likely to continue growing, although at a slower pace, given that it stems from an already high base in 2009.

Lebanese consumers are less optimistic for the second half of 2010 according to MasterCard

Consumers in Lebanon are less optimistic for the second half of 2010, according to the latest MasterCard Worldwide Index of Consumer Confidence Survey. Indeed, the overall Index score reached 44.6 points compared to 55.4 points in the first half of 2010, but still remains above the average level of 35.5 reached in 2008.

Consumer sentiment in the second half of 2010 is reflected by the five economic factors that make up the overall Index score: Employment (41.8 vs. 54.0 a period ago), Economy (42.6 vs. 54.5 a period ago), Regular Income (49.8 vs. 54.7 a period ago), Stock Market (45.4 vs. 56.6 a period ago) and Quality of Life (43.6 vs. 57.5 a period ago).

Now in its sixth year in the Middle East and Levant, the MasterCard Worldwide Index of Consumer Confidence is one of the most comprehensive and longest running consumer confidence survey in the Asia/Pacific, Middle East & Africa's region. Released twice a year, the Index is based on a survey which measures consumer confidence on prevailing expectations in the market for the next six months based on five economic indicators: Economy, Employment, Stock Market, Regular Income and Quality of Life. The Index score is calculated with zero as the most pessimistic, 100 as most optimistic and 50 as neutral.

MasterCard Worldwide also released the results of its Survey on Consumer Purchasing Priorities, also conducted twice a year. Regarding purchasing priorities in Lebanon, the top spending priorities are tuition (55%), dining and entertainment (26%), fashion and accessories (24%). In comparison, across the Middle East and Levant, the top spending priorities are dining and entertainment (71%), fashion and accessories (49%), and tuition (38%). Moreover, in Lebanon, 65% of the consumers plan to maintain the same level of discretionary/recreation spending as in the first half of 2010.

Middle East Hotel Performance (First half 2010)

City	Occupancy (%)	Average Room Rate (US\$)	Rooms Yield (US\$)
Sharm El Shaikh	85	60	51
Hurghada	84	42	36
Dubai	78	224	176
Makkah	76	181	138
Cairo	75	114	85
Abu Dhabi	74	244	183
Jeddah	73	208	153
Beirut	72	246	179
Muscat	72	226	163
Al Ain	70	166	117
Doha	69	292	205
Madina	66	133	88
Amman	64	148	95
Manama	62	264	165
Riyadh	60	239	145
Kuwait	57	263	151

Sources: Ernst & Young, Bank Audi's Research Department

► CORPORATE NEWS

Bank Audi's net profits up by 22.4% to US\$ 161.4 million in the first half of 2010

Bank Audi sal – Audi Saradar Group announced consolidated net profits of US\$ 161.4 million in the first half of 2010, up by 22.4% from US\$ 131.9 million in the first half of 2009, with regional entities accounting for 27% of consolidated first half 2010 net profits.

Net interest income increased by 13.2%, from US\$ 202.6 million in the first half of 2009 to US\$ 229.2 million in the first half of 2010, while net commission earnings rose by 27.2% over the covered period, from US\$ 68.0 million in the first half of 2009 to US\$ 86.4 million in the first half of 2010.

Net operating income increased by a yearly 20.3% to reach US\$ 399.6 million in the first half of 2010. Total operating expenses progressed by 15.0%, from US\$ 171.5 million in the first half of 2009 to US\$ 197.2 million in the first half of 2010, of which staff expenses amounted to US\$ 110.0 million, up by 15.9% year-on-year, and other operating expenses totaled US\$ 72.7 million, up by a yearly 15.3%.

Total assets reached US\$ 27.3 billion at end-June 2010, up by 3.2% from US\$ 26.5 billion at year-end 2009. Loans to customers went up by 15.0% to attain US\$ 7.8 billion at end-June 2010, from US\$ 6.7 billion at year-end 2009.

Customer deposits amounted to US\$ 23.8 billion at end-June 2010, increasing by US\$ 798 million from year-end 2009. Shareholders' equity amounted to US\$ 2.3 billion at end-June 2010, up by a yearly 2.7% from US\$ 2.2 billion at year-end 2009.

The bank continues to display solid financial soundness metrics as of the first half of 2010 with a 49.2% primary liquidity to customers' deposits ratio, an 11.8% Basel II capital adequacy ratio, a 0.79% net doubtful to gross loans ratio and a 74.1% loan loss provisions to gross doubtful loans ratio, in addition to a 15.3% return on average common equity ratio.

Kia tops car sales in Lebanon with 2,957 newly registered car sales in the first half 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 2,957 new cars in the first half of 2010, against 1,711 cars in the same period of last year.

Japan's Nissan brand ranked second with 2,755 newly reg-

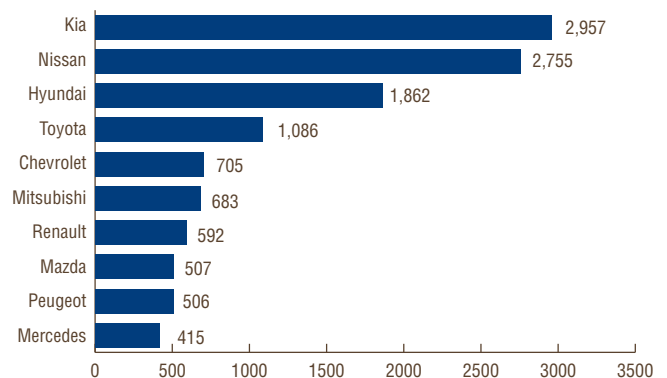
istered cars in the first six months of 2010 against 3,465 cars in the first six months of 2009.

Korea's Hyundai cars ranked third with 1,862 vehicles in the first six months of 2010 versus 974 cars in the same period of 2009.

Japan's Toyota came in fourth with a total of 1,086 cars sold during the aforementioned period of 2010 against 2,160 vehicles in the first six months of 2009. As to United States' Chevrolet, it ranked fifth with 705 cars sold in the first six months of 2010 against 620 cars in the first six months of 2009.

On the overall, new car sales in Lebanon progressed by 8.2% in the first six months of 2010 to reach a total of 15,892 cars, against 14,691 cars in the first six months of 2009. Over the month of June 2010, new car sales totaled 3,330, against 3,023 in June 2009, thus registering a 10.2% increase.

New Cars Registration of top 10 brands in the first six months of 2010



Sources: Association of Car Importers in Lebanon, Bank Audi's Research Department

Solidere to distribute 2009 dividends

Solidere held its Ordinary General Assembly where it unveiled plans to distribute US\$ 175.6 million in 2009 dividends, equivalent to US\$ 1.15 per share. The distribution is to take effect as of the 15th of October 2010. Lebanon's Solidere posted net profits of US\$ 182.2 million in 2009.

Banque Bemo to distribute 2009 dividends

Banque Bemo unveiled plans to distribute LP 3.5 billion in 2009 dividends for holders of Common shares and LP 2.4 billion for Preference shareholders. Common stock owners would get LP 225 per share. Banque Bemo declared net profits of US\$ 8.0 million in 2009, against US\$ 7.3 million in 2008.

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Money Market: Important rise in M4

The overnight rate didn't shift its stance, standing at its low official level of 2.75% set by the Central Bank of Lebanon, in view of continuous flow of conversions in favor of the Lebanese Pound on the foreign exchange market and availability of ample local currency liquidity on the money market.

As to short-term Certificates of Deposits, the Central Bank of Lebanon attracted this week LP 203 billion of subscriptions that were distributed as follows: LP 71 billion in the 45-day category and LP 132 billion in the 60-day category. Accordingly, total subscriptions amounted to LP 2,657 billion since the beginning of the year 2010 and were distributed as follows: LP 447 billion in the 45-day category and LP 2,210 billion in the 60-day category. Interest rates on the 45-day and 60-day categories remained unchanged during this week, standing at 3.57% and 3.85% 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 24,673 billion at end-May 2010, up by LP 252 billion relative to the previous month and by LP 3,217 billion since year-end 2009. The weighted average rate on CDs stood at 9.20% at end-May 2010 as compared to 9.34% at end-April 2010 and 9.63% at end-December 2009.

On the monetary aggregates level, figures for the week ending 8th of July 2010 indicated a decline of LP 32 billion in local currency deposits, as a result of a rise of LP 87 billion in LP time deposits and a LP 119 billion decline in LP demand deposits week-on-week. Deposits in foreign currencies surged by US\$ 406 million. These weekly variations compare to an average weekly increase of LP 197 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) widened by LP 9 billion during the week ending 8th of July 2010. This compares to an average weekly increase of LP 199 billion since the beginning of the year 2010. In addition, total money supply in its large sense (M4) expanded by LP 579 billion week-on-week, as compared to an average weekly increase of LP 244 billion since the beginning of the year 2010.

Interest rates	23/7/10	16/7/10	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% ↔

On a cumulative basis, money supply in its large sense (M4) widened by LP 7,108 billion since the beginning of the year 2010. This is the result of an increase in local currency denominated time deposits of LP 5,164 billion, a rise in foreign currency deposits of LP 1,788 billion (the equivalent of US\$ 1,186 million), an increase in money supply (M1) of LP 109 billion, and a growth in Treasury bills held by the public of LP 47 billion since the beginning of the year 2010.

Treasury Bills Market: Large weekly auction deficit of LP 431 billion

Activity was almost absent on the secondary Treasury bills market during this week. As to the primary market, the preliminary results of this week's auction (July 22, 2010) showed that the average yield on the three-month category edged up by one basis point to 3.94%, and the yield on the six-month category rose by three basis points to 4.52%. As to the five-year category, the yield remained stable at 6.16%. It is worth mentioning that the Central Bank of Lebanon allowed commercial banks to subscribe in full of their bids in all aforementioned categories, while it allowed public institutions to subscribe to 50% of their bids in the same categories.

On the other hand, the Central Bank of Lebanon released this week the auction results for value date July 15, 2010 which showed that total subscriptions amounted to LP 509 billion, and were distributed as follows: LP 150 billion in the one-year category, LP 221 billion in the two-year category and LP 138 billion in the three-year category. These compare to maturities of LP 940 billion, resulting in a nominal deficit of LP 431 billion.

Treasury bills	23/7/10	16/7/10	31/12/09
3-month	3.94%	3.93%	4.55% ↑
6-month	4.52%	4.49%	5.72% ↑
1-year	4.79%	4.79%	5.73% ↔
2-year	5.36%	5.36%	6.32% ↔
3-year	5.90%	5.90%	7.10% ↔
5-year	6.16%	6.16%	7.74% ↔
Nom. Subs. (LP billion)		509	500
Short-term (3&6 mths)		-	-
Medium-term (1&2 yrs)		371	49
Long-term (3 yrs)		138	451
Long-term (5 yrs)		-	-
Maturities		940	232
Nom. Surplus/Deficit		-431	268

Foreign Exchange Market: Stronger flow of FC-to-LP conversions

The foreign exchange market saw continuous conversions from FC holdings to LP holdings, in higher volumes relative

to the previous week. The Central Bank of Lebanon intervened as a buyer of the green currency surpluses at the lower end of its intervention bracket. In parallel, there was a little activity in the interbank market, with commercial banks trading the US Dollar at a rate hovering between LP 1,501.00 and LP 1,501.25. Within this context, it worth highlighting that the BDL's foreign assets rose by US\$ 2.4 billion between year-end 2009 and mid-July 2010, hitting

give approval for dividends' distribution, added to some concerns about local security conditions.

As to the banking shares, they accounted for 43% of activity this week, registering a total trading value of US\$ 3.3 million. In details, Bank Audi's "listed" share price remained unchanged at US\$ 8.00, while Bank Audi's GDR price fell by 2.2% to close at US\$ 8.19. BLOM's "listed" share price edged down by 0.1% to US\$ 86.90, and BLOM's GDR price dropped by 1.3% to US\$ 90.00. Byblos Bank's "listed" share price remained stable at US\$ 1.79. Bank of Beirut's share price retreated by 0.3% to US\$ 18.35. Among the industrial shares, Holcim's share price fell by 3.9% to US\$ 13.07.

The BSE's performance was lower than other emerging stock markets during this week, as shown by a 3.4% rise in the Morgan Stanley Capital International Emerging Market Free Index (MSCI EM). Likewise, the BSE's performance was lower than that of other Arabian and GCC equity markets, as reflected by a 0.1% decrease in the Morgan Stanley Capital International Arabian Markets Index (MSCI Arabian Markets) and a nil change in the Morgan Stanley Capital International GCC Countries Index (MSCI GCC Countries Index).

Bond Market: Sluggish mood prevails with foreigners on the sidelines

Activity continued to be sluggish on the bond market during this week, with foreign investors remaining on the sidelines, while local market players traded Lebanese debt instruments in low volumes. The average yield went down by seven basis points to 4.55% after a corporate bond, issued by Bankmed, matured on the 19th of July, 2010 and was removed from the Lebanese bond portfolio. The average spread tightened by five basis points to reach 265 basis points due to a drop in benchmark yields and higher drop in Lebanese yields.

For instance, the average yield on five-year US Treasury bills declined from 1.76% last week to 1.72% this week, after Federal Reserve's Chairman said the economy faced "unusually uncertain" prospects, suggesting low inflation and low interest rates for a long time.

Eurobonds Indicators

	23/7/10	16/7/10	31/12/09
Total tradable size \$m	17,692	17,859	17,704 ↓
o.w.: Sovereign bonds	17,392	17,389	17,134 ↑
Average Yield	4.55%	4.62%	5.31% ↓
Average Spread	265	270	290 ↓
Average Life	4.75	4.73	4.57 ↑
Yield on US 5-year note	1.72%	1.76%	2.62% ↓

Exchange rates

	23/7/10	16/7/10	31/12/09
LP/US\$	1,507.5	1,507.5	1,507.5 ↔
LP/£	2,320.95	2,324.41	2,389.24 ↑
LP/¥	17.31	17.31	16.34 ↔
LP/SF	1,444.24	1,446.46	1,451.33 ↑
LP/Can\$	1,454.41	1,443.27	1,436.12 ↓
LP/Euro	1,950.55	1,951.61	2,159.95 ↑

Stock Market: Slow activity coupled with lower prices

Activity was slow on the Beirut Stock Exchange during this week. The total trading value was limited to US\$ 8 million as compared to US\$ 11 million last week and an average of US\$ 53 million since the beginning of the year 2010. The BSE price index dropped by 1.5% week-on-week to close at 136.15, while the average trading volume index tumbled by 35.7% to 55.46 due to the fall in the average daily trading value from US\$ 2.4 million last week to US\$ 1.5 million this week.

In details, Solidere shares accounted for 57% of activity this week, registering a total trading value of US\$ 4.3 million. Solidere "A" share price dropped by 4.3% to end at US\$ 20.68, and Solidere "B" share price closed 5.4% lower at US\$ 20.49. The decline in prices followed a 5% drop in prices last week, and came within the context of a quorum held in the General Assembly meeting on Monday 19 to

Audi Indices for BSE

	23/7/10	16/7/10	31/12/09
<i>22/1/96=100</i>			
Market Cap. Index	494.61	502.27	505.10 ↓
Trading Vol. Index	55.46	86.21	115.58 ↓
Price Index	136.15	138.26	144.04 ↓
Change %	-1.53%	-0.68%	0.91% ↑
Market Cap. \$m	11,734	11,916	11,983 ↓
No. of shares traded	360,000	981,239	248,012 ↓
Value Traded \$000	7,547	11,332	6,434 ↓
o.w. : Solidere	4,262	6,335	2,055 ↓
Banks	3,277	4,927	4,375 ↓
Others	8	70	4 ↓

Week
30
Jul 19 - Jul 25
2010

ARAB STOCK MARKETS INDICES:

	23-Jul-10	16-Jul-10	31-Dec-09	Weekly change	End-year-to-date change
Lebanon	136.2	138.3	144.0	-1.5%	-5.5%
Jordan	128.6	130.9	149.9	-1.8%	-14.3%
Egypt	749.4	751.7	784.9	-0.3%	-4.5%
Saudi Arabia	390.0	395.2	389.3	-1.3%	0.2%
Qatar	620.3	621.3	611.1	-0.2%	1.5%
UAE	200.0	196.7	229.3	1.7%	-12.8%
Oman	836.5	853.3	837.2	-2.0%	-0.1%
Bahrain	259.8	263.7	331.9	-1.5%	-21.7%
Kuwait	593.7	571.6	554.5	3.9%	7.1%
Morocco	435.0	440.0	417.0	-1.1%	4.3%
Tunisia	1,226.9	1,217.4	1174.1	0.8%	4.5%
Arabian Markets	470.0	470.5	470.5	-0.1%	-0.1%

Sources: MSCI Barra, Bank Audi's Research Department

INTERNATIONAL MARKET INDICATORS:

	23-Jul-10	16-Jul-10	31-Dec-09	Weekly change	End-year-to-date change
EXCHANGE RATES					
YEN/\$	87.24	86.61	92.46	0.7%	-5.6%
\$/£	1.534	1.536	1.589	-0.1%	-3.4%
\$/Euro	1.289	1.296	1.432	-0.5%	-10.0%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	10,424.62	10,097.90	10,548.51	3.2%	-1.2%
S&P 500	1,102.66	1,064.88	1,126.42	3.5%	-2.1%
NASDAQ	2,269.47	2,179.05	2,291.28	4.1%	-1.0%
CAC 40	3,607.05	3,500.16	3,935.50	3.1%	-8.3%
Xetra Dax	6,166.34	6,040.27	5,957.43	2.1%	3.5%
FT-SE 100	5,312.62	5,158.85	5,397.90	3.0%	-1.6%
NIKKEI 225	9,430.96	9,408.36	10,546.44	0.2%	-10.6%
COMMODITIES					
GOLD OUNCE	1,188.60	1,188.55	1,095.70	0.0%	8.5%
SILVER OUNCE	18.08	17.82	16.83	1.5%	7.4%
BRENT CRUDE (barrel)	77.54	76.00	77.66	2.0%	-0.2%
LEADING INTEREST RATES (%)					
1-month Libor	0.33	0.34	0.23	-0.01	0.10
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	3.00	2.92	3.84	0.08	-0.84

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