The MENA Weekly Monitor

Week 26
Jun 18 - Jun 25
2010

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Regional equity markets posted remained almost stable during this week, as shown by a tiny rise of 0.4% in the Morgan Stanley Capital International Arabian Markets Index, in line with stable oil prices, yet bucking global equity markets that posted a 2.9% fall in prices as per the same source. As to fixed-income markets, they were governed by a wait-and-see mood during this week as all investors eyes focused on the final terms of Dubai World debt restructuring plan that are supposed to be unveiled in the forthcoming period, while some regional issuers proceeded with launching new bond sales. While this left the Audi compiled weighted average bond yield unchanged week-on-week, the average bond spread in the region widened slightly on the back of a decline in benchmark yields, as news about a precipitous fall in new US home sales underscored the likelihood the Federal Reserve would keep interest rates low in the coming period. In parallel, five-year CDS spreads remained stable on the overall across Middle Eastern markets, posting mostly nil change week-on-week.

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

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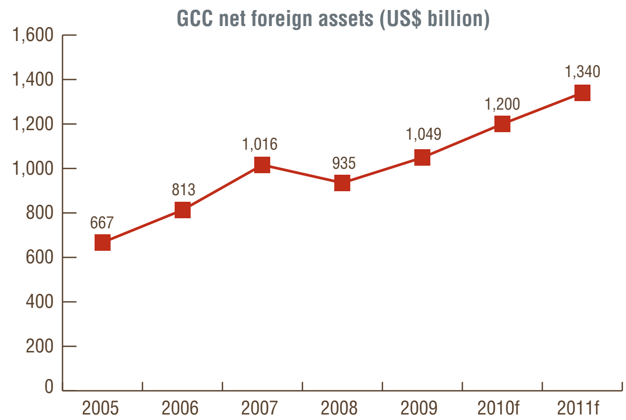
ECONOMY

IIF sees GCC net foreign assets reaching a new peak

A recovery in oil prices resulting from better global economic prospects would likely boost the foreign assets of Gulf nations to a new peak, thereby providing them with a strong cushion against any new fiscal crisis, as per a report issued by the Washington-based Institute of International Finance (IIF). After the first decline in 2008 in nearly six years due to the global financial turbulence, the foreign assets of the six-nation GCC could surge above their GDP at the end of next year. However, the IIF noted that GCC countries need to push ahead with economic reforms to support their asset cushion and ensure sustainable growth away from unpredictable crude sales.

The IIF believes the six GCC members, sitting atop nearly 45% of the world's recoverable oil deposits and more than a quarter of the global gas wealth, have currently sufficient financial assets to deal with the fresh crisis. The report noted that it was the massive overseas wealth they had amassed during the latest oil boom of 2002-2008 that allowed them to partly mitigate the repercussions of the 2008 crisis and guard their economies against a painful depression.

Besides the expected surge in their foreign assets, the combined current account of the six members is also projected to sharply rebound in the next two years after plunging in 2009, as per the IIF. Forecasts by the agency showed that the balance would widen due to a projected rise in oil and gas export earnings from about US$ 323 billion in 2009 to US$ 419 billion in 2010 and US$ 457 billion in 2011. This would push the current account surplus from nearly US$ 48 billion in 2009 to US$ 129 billion in 2010 and US$ 165 billion (equivalent to 15% of GDP) in 2011. The fiscal surplus would also widen from 3% in 2009 to 10% of GDP in 2010-2011 despite a continued rise in government spending, the IIF said.



Sources: IIF, Bank Audi's Research Department

Its estimates showed the gross foreign assets of the six members have more than tripled since 2002 to about US$ 1.47 trillion at the end of 2009. Net foreign assets, the difference between total assets and liabilities, stood at about US$ 1.049 trillion at the end of 2009. They are projected to soar to nearly US$ 1.2 trillion by the end of 2010 and US$ 1.34 trillion at the end of 2011, nearly 122% of the GCC's GDP. Meanwhile, the large net foreign assets of the region would continue to provide substantial funds to sustain robust government spending levels in the next few years.

OECD forecasts 4.5% real GDP growth in the MENA region in 2010

The real gross domestic product growth of the Middle East and North Africa (MENA) countries is projected to nearly double from 2.4% in 2009 to 4.5% in 2010, according to a study by the Organization of Economic Co-operation Development (OECD). The study projected that the regional economies' growth would see marginal increase to 4.8% in 2011. It also projected that the MENA countries' real GDP growth this year would be at double the rate of high-income developed economies of OECD countries which is 2.7%.

The study indicated that the MENA region, particularly the oil-rich Gulf Arab states, holds about US$ 700 billion in foreign exchanges reserves at the end of January 2010. The OECD study said that holdings of official foreign exchange reserves were worst hit in emerging Europe while emerging Asia, Africa and Middle East were the least hit by the 2008-2009 crisis.

Word Bank urges GCC countries to invest in the MENA region

The World Bank is urging investors in the six-nation GCC to boost trade and investment flows with the greater MENA to attain a sustainable growth path. A recent note released by the World Bank indicated that it is expecting a change in GCC investors' behavioral attitude to focus more on the region.

The note said there is currently no established data that would indicate the flow of investments, but noted that investments from the six Gulf States to the Arab region have resumed. According to the World Bank, private investments slowed down during the crisis, and now there is a resumption of investment but in a cautious manner.

The World Bank is encouraging the GCC to increase its trade and investment connections with the MENA region. According to the statement, it would be good for the MENA region and it would also be good for the GCC region because it would diversify and strengthen its economy, bearing in mind that the GCC, due to its proximity, would greatly benefit once the region begins to play a more important role in the global arena.

The World Bank has this month revised its GDP growth forecast for the MENA region to 4% from 3.7% in January, followed by a 4.3% and a 4.5% growth forecast for 2011 and 2012.

NCB Capital notes EU crisis could result in capital flight from the Gulf region

According to a recent research note released by NCB Capital in Saudi Arabia, Gulf economies could be hit by withdrawals of foreign cash as the mounting debt turmoil gripping Europe prompts euro-zone banks to cut their overseas loan books. A worsening of the crisis may also threaten inflows of long-term investment to the region.

As per NCB Capital, a liquidity crunch in the euro area risks not only leading to a capital flight from the GCC, but may also temper longer-term foreign capital inflows. The research note indicated that euro-zone banks had a net exposure of about US$ 174 billion to Gulf economies at the end of last year, significantly higher than the US$ 83 billion net exposure UK banks had to the region. As for US banks, they only had an exposure of US$ 34 billion to the GCC countries.

NCB Capital indicated that before the global financial crisis, levels of foreign direct investment (FDI) from the EU to the GCC were rising. In 2007, the GCC received €3.8 billion of FDI from the EU, which accounted for 11% of the regional total. That was up from the 2006 figure of €2.4 billion, or 8% of total FDI, according to NCB Capital. Governments in the euro-zone are pushing through stringent cost-cutting measures in a bid to reduce bloated budget deficits and contain the sovereign debt crisis.

However, concern has hit financial markets in recent weeks that countries such as Spain and Portugal could follow Greece into debt payment problems. As per the research note, the appetite for future investment to emerging markets could be impacted if the situation in Europe deteriorates significantly, which would presumably include investments to the Middle East.

GCC markets were previously hit by the exit of foreign capital on the eve of the global slowdown, when an estimated US$ 48.9 billion in speculative money was withdrawn, leaving the local economy starved of cash. According to NCB Capital, much of that money had flowed in on the misguided expectation that the dirham would be revalued. Analysts say there have been signs emerging that some of these investment flows were slowly starting to return as foreign investors hedge against a strengthening oil price.

Analysts at NCB Capital said the EU crisis also posed a threat to the Gulf through a possible reduction in trade with one of the region's largest international trading partners. Last year, the EU imported US$ 40 billion from the Gulf and exported US$ 86 billion to GCC economies. In 2008, oil accounted for about 76% of GCC exports to the EU. The note added that the more uncertain demand outlook in turn has at least short-term implications for the oil price which, as seen in 2008 and 2009, remains critical for setting the overall tone for economic activity in the Gulf region.

Finally, due to a renewed weakness in the EU and global economies, NCB Capital reduced its GDP forecast for Saudi Arabia this year to 3.8% from 4%, based on an average oil price of about US$ 76.

Official data indicates inflation in Saudi Arabia at a 12-month high in May 2010

Saudi Arabia's annualized inflation rose to 5.4% in May, its fastest pace since May last year, compared with 4.9% in April due to an increase in food prices and rents, as per data from the Central Department of Statistics & Information (CDSI). However, it is still down from a record high of 11.1% in July 2008.

During the month of May 2010, consumer prices went up by 0.6% for May versus a 0.3% rise seen in April, the CDSI said. The cost of living index in the Kingdom, the Arab world's largest economy, stood at 127.8 points last month, up from 127.1 points in April, and 121.3 points during the same period in 2009, the CDSI said.

The index for rent, fuel and housing-related services rose 9.4% in May compared with the year earlier period, and was 1.1% higher compared with April. For food and beverages, the index was up 5.4% year-on-year and 0.1% month-on-month. Saudi Arabia, a mostly desert country with scarce water supplies, imports the bulk of its food needs.

The Saudi Arabian Monetary Agency, or SAMA, the country's central bank, said in February the Kingdom could continue to face inflationary pressures during the first quarter of 2010 due to housing demand. But the pressures will be less than in the first quarter of last year due to stabilization in food prices, SAMA said. Also, SAMA's governor has repeatedly said that the Kingdom would see less inflationary pressure in 2011 and 2012.

Rising demand for housing in Saudi Arabia, which is expected to become more acute in the coming decade due to population growth, is keeping inflation rates at four times historic averages despite the global recession. Economists expect the world's top oil exporter to see inflation ease in 2010, but it would still remain higher than its historic average of 1% as the government continues to post expansionary budgets.

SURVEYS

Business mood in the GCC remains positive as per HSBC's Business Confidence Index

The latest survey issued by HSBC noted that the general mood of businessmen in the Gulf region was essentially characterized by a realistic optimism. Forecasts of revenue, upholding profits as well as budgets and meeting targets all remain positive and the Index across all six countries remains at its highest level for two years.

Also, the poll signaled an upward trend of business confidence over the last seven quarters, subsequent to a low in late 2008 as a result of the global crisis.

The HSBC GCC Business Confidence Survey appears quarterly, and tracks business sentiment in all six countries of the GCC. The Gulf Business Confidence Survey is calculated using the results from Q1 2007 as a base, with a score of 100. Rising or falling levels of business confidence will be shown when there is a deviation from that base.

A score greater than 100 indicates a shift in the positive direction. A score lower than 100 indicates that business confidence is lower than in Q1 2007. A total of 1,491 respondents took part in the online survey from the following countries: Oman, Kuwait, Bahrain, Qatar, Saudi Arabia, and the United Arab Emirates.

While many of the surveyed markets exhibited a mild progress against the first quarter of 2010, the upward trajectory is more noticeable when evaluated over the past year. In fact, from the first quarter of 2009 to date, the overall index has risen by over 15 points to a total of 86.

Although the overall index remains below the heights of 2007 and early 2008, particular indicators reflect positive prospects in key operational areas. For 2010, 43% of respondents predict an increase in business turnover in the Middle East, while 40% project a rise in profits and 33% are planning to increase their investments.

For the next three months, over half of respondents were optimistic and said they would see increasing revenue for their companies, and 35% are anticipating revenue growth from international trade opportunities.

Generally, the temper is on an ongoing improvement but intra-regional differences show some marked discrepancies within the corporate sector: Saudi Arabia is the most confident, with an index of 97, the UAE remains the least confident with a score of 78.4, sentiment in Bahrain showed the highest quarterly rise and sentiment in Kuwait and Oman has fallen on a quarterly basis.

Thomson Reuters poll projects weaker 2010 real GDP growth for key Gulf States

According to Thomson Reuters, key Gulf economies are to grow at a lower pace in 2010. High public expenditures should keep supporting the six Gulf oil exporters but volatile oil prices subsequent to Europe's debt woes and sluggish credit growth would impact the Gulf countries.

Indeed, most economies would post a low single digit real GDP growth while Qatar is anticipated to expand well ahead of the rest of the world's top oil exporting region. As per Reuters' projections, Qatar, the world's largest liquefied natural gas exporter will grow at 16.1% in 2010, largely owed to the increase of gas output and government spending. This is unchanged from the previous Reuters poll in April.

Reuters' survey is based on responses from economic analysts polled between June 10 and June 17. An overview of the results shows Saudi Arabia, the world's biggest oil exporter growing 3.7% this year from a 0.6% growth in 2009. Kuwait's real GDP growth should edge up by 3% and non-OPEC members, Oman and Bahrain, should see GDP growth up to 4% and 3.1%, correspondingly.

With respect to prospects for the United Arab Emirates, they worsened due to the low risk appetite of banks subsequent to the debt-burden of the Dubai state-owned firms. Hence, the UAE is projected to grow at 2.1% this year, at the lower end of the government prediction of 2.0% to 3.2% growth. The UAE economy, the world's third largest oil exporter, grew by 1.3% in 2009, according to preliminary government data. It is worth noting that UAE banks are heavily exposed to Dubai World which is yet to strike a deal with remaining creditors to restructure $23.5 billion of debt.

As to inflation, Reuters poll sights a decreasing trend in most Gulf states compared to previous expectations on the back of a firmer dollar. Qatar and the UAE, which saw months of deflation in 2009, are likely to have the lowest consumer price growth at 1.7% and 1.8%, respectively.

Still, forecasts for the Kingdom of Saudi Arabia were raised as the consumer price index hit a one-year high in May of this year. Saudi Arabia should see the highest average inflation of 4.7% in 2010, still below record peaks of over 10% seen in most Gulf countries in 2008.

Finally, oil prices, which have more than doubled since December 2008 lows, should keep most Gulf fiscal balances in surplus in 2010, according to Reuter's poll.

Saudi Arabia's Jadwa Investment and Europe's CIT to invest £ 500 million in UK real estate market

Jadwa Investment, a company part-owned by the Saudi royal family, and CIT, a European property investor, have acquired the King's Reach Tower on London's South Bank for £ 60 million (around US$ 89 million) and plan to invest a further £ 500 million in the UK real estate market.

Jadwa has invested £ 140 million in UK property, including Hull's largest shopping centre earlier this year. King's Reach Tower is the fourth joint Jadwa-CIT acquisition, according to newswires.

Gulf investors have a long-standing affinity with real estate, and expensive property in London in particular. The capital has historically attracted both individual and institutional investments from the oil-rich region, and interest is rising again on the back of relatively lower property prices and weaker sterling, according to the same source.

In addition to £ 200 million to develop the project, Jadwa Investment plans to invest a further £ 300 million or more in mixed-use, residential and commercial property in the UK.

Founded in 2006, Jadwa Investment is based in Saudi Arabia. The company provides Islamic financial services which encompass asset management, investment banking activities including corporate finance and advisory services, proprietary as well as private equity investment, and brokerage services.

France Telecom weighing four to five Middle East and Africa deals

France Telecom S.A. is studying the possibility of four to five acquisitions in the Middle East and Africa, and may complete some deals by the third quarter of 2010.

According to France Telecom executives, the company is identifying targets close to its existing assets, and isn't averse to initially buying minority stakes.

France Telecom officials said earlier this year that the company may spend as much as € 7 billion (around US$ 8.6 billion) on African and Middle East deals over the next five years, as part of a strategy to double revenue from emerging markets. The plan comes as revenue growth slows in its core European markets, according to the same source.

France Telecom S.A., the main French telecommunications company, is headquartered in Paris. It is a communications services provider offering customers access through four key platforms, namely fixed line telephone, broadband access, mobile phone services, and most recently, IPTV with MaLigne TV now known as Orange TV.

Saudi Aramco awarded Saudi Oger US$ 400 construction million deal

State-owned Saudi Arabian Oil Company (Saudi Aramco) awarded Saudi Oger a deal to construct the King Abdulaziz Center for Knowledge and Culture (Ithra) at a total cost of more than SR 1.5 billion (around US$ 399.9 million), according to newswires.

Saudi Oger has begun implementing the project that is expected to be completed in the first half of 2013, according to the same source.

The project would comprise a library, a museum, a movie theater, a children education center, an archives' unit, and a conference hall, according to the same source.

Since its inception in 1978, Saudi Oger has become one of the leading construction, facilities management service provider and infrastructure project development companies in the Kingdom of Saudi Arabia and the region. Saudi Oger Limited line of business covers construction, facilities management, real estate development, printing, telecommunication, utilities and IT services.

Headquartered in Saudi Arabia, Aramco was established in 1933. Its principal activities include exploration, drilling, production, distribution and transport of oil and gas, refining of crude oil, manufacture of petrochemicals, distribution of lubricants and petroleum products.

Egypt's Remco plans to build US$ 250 million cement plant and increase its capital

Egypt's Remco for Touristic Villages Construction, the third largest publicly traded resorts company in Egypt, may build a US$ 250 million cement plant and increase its capital by selling global depositary receipts.

The company is currently studying two available licenses for the cement plant location in South Sinai and Wadi El Gadeed, according to company officials. The plant would have a capacity of 1.5 million tons. There are also eight new licenses that the company is studying, according to the same source.

Remco said it might also sell global depositary receipts through a capital increase.

Established in 1995, Remco for Touristic Villages Construction owns and manages hotels and resorts.

EQUITY MARKETS

Regional equity markets remain stable, bucking global markets

Regional equity markets posted remained almost stable during this week, as shown by a tiny rise of 0.4% in the Morgan Stanley Capital International Arabian Markets Index, in line with stable oil prices, yet bucking global equity markets that posted a 2.9% fall in prices as per the same source.

The Bahrain Stock Exchange was the best performer in the region this week, posting a 6.4% increase in prices as per MSCI data. Ahli United Bank's share price went up by 3.3% to US$ 0.62. The bank got Iraq Central Bank's approval to increase its stake in Commercial Bank of Iraq to 75% from the current 49%. However, all in all, the Bahrain Stock Exchange was the worst performer in the region since the beginning of the year 2010, falling by 17.9% as per MSCI data.

The UAE equity markets were the second best performers in the region during this week, as shown by a 3.9% increase in prices as per MSCI data. In Dubai, Du's share price ended 3.8% higher this week at AED 2.18. The phone company has raised AED 1 billion (US$272 million) through the successful completion of its rights issue. The founding shareholders took up their rights in full, while public shareholders oversubscribed for their portion of the rights issue. Most of the planned investment by the second largest phone company in the UAE would go to its mobile network to provide faster service and better Internet connections, according to the company's CEO. Deyaar's share price surged by 13.3% to AED 0.34 on the back of strong local buying.

In Abu Dhabi, Aabar was among the most traded stocks during this week. The fund's share price climbed by 8.3% to hit AED 1.70 after announcing that it is considering delisting from the Abu-Dhabi bourse and converting to a private joint stock company. This triggered a lot of speculation and drove Aabar's share price upward. In addition, Aldar Properties share price closed 4.0% higher at AED 3.11. The company has signed an exclusive long-term supply and sponsorship agreement with PepsiCo, which is the first agreement to take place under the Aldar Partnership Programme. Dana Gas's share price surged by 7.6% week-on-week to close at AED 0.71, mainly driven by good news about the company's approval to buy back as much as 10% of its shares. The share buy back highlighted the management's confidence in the company's earnings outlook and cash flow, it and contributed to boosting investor's sentiment. All in all, the UAE markets were the second worst performer in the region since year-end 2009, as shown by an 11.9% drop in the MSCI data.

In Saudi Arabia, the Tadawul remained almost stable week-on-week, as shown by a 0.1% decline in the corresponding MSCI index. SABIC's share price declined by 1.1% week-on-week to close at SR 91.25, on subdued oil prices. Overall, the Tadawul rose by 4.5% since year-end 2009.

Outside the Gulf region, the Egyptian Exchange saw a 1.5% decline in prices week-on-week. Talaat Moustafa Group's share price fell by 7.0% this week to reach LE 7.55. This followed an Egyptian court that ruled against the sale of government land to TMG, noting that the company and the housing Ministry reiterated that the TMG's contract with the new Urban Community Authority for the Medinaty real estate would remain valid as the ruling to annul does not mean ending the contract, or stoppage, or suspension of the company's execution of the project. In general, the Egyptian Exchange remained almost stable since the beginning of the year 2010, edging down by 0.6% as per MSCI data.

Equity Markets Indicators

Market	Price Index	Week-on-week	Year-to-date	Trading Value	Week-on-week	Volume Traded	Market Capitalization	Turnover ratio	P/E	P/BV
Lebanon	139.8	-1.3%	-2.9%	12.5	15.1%	1.8	11,792.1	5.5%	9.3	1.28
Jordan	134.2	3.2%	-10.5%	153.5	36.1%	115.7	29,359.2	27.2%	18.3	1.54
Egypt	780.0	-1.5%	-0.6%	633.2	-9.5%	438.8	72,390.4	45.5%	11.2	1.69
Saudi Arabia	406.7	-0.1%	4.5%	4,892.7	-13.5%	859.4	333,014.6	76.4%	15.9	2.01
Qatar	629.6	1.2%	3.0%	240.5	-26.6%	27.1	103,563.1	12.1%	10.6	2.04
UAE	201.9	3.9%	-11.9%	541.9	75.1%	1,247.6	126,746.4	22.2%	10.5	1.00
Oman	846.4	1.2%	1.1%	63.4	41.1%	80.4	17,020.2	19.4%	11.1	1.67
Bahrain	272.4	6.4%	-17.9%	5.7	17.1%	9.8	16,906.9	1.8%	11.0	1.03
Kuwait	570.7	1.5%	2.9%	450.7	-21.6%	760.1	97,259.4	24.1%	13.7	1.35
Morocco	429.3	-0.5%	2.9%	143.5	-91.1%	3.0	64,992.4	11.5%	15.7	3.38
Tunisia	1,143.1	-1.6%	-2.6%	-	-	9.9	9,221.3	-	14.6	1.86
Arabian Markets	**479.9**	**0.4%**	**2.0%**	**7,137.5**	**-23.6%**	**3,543.6**	**873,044.8**	**42.5%**	**13.2**	**1.66**

Values in US$ million; volumes in millions

Sources: MSCI Barra, Zawya Investor, Bank Audi's Research Department

NB: Tunisia's figures are not all available yet, and have therefore been excluded from aggregate Arabian Markets figures

FIXED INCOME MARKETS

Wider regional bond spread on the back of falling benchmark yields

With all investors eyes focused on the final terms of Dubai World debt restructuring plan that are supposed to be unveiled in the forthcoming period, regional fixed-income markets were governed by a wait-and-see mood during this week, while some regional issuers proceeded with launching new bond sales. While this left the Audi compiled weighted average bond yield unchanged week-on-week, the average bond spread in the region widened slightly, on the back of a decline in benchmark yields as news about a precipitous fall in new US home sales underscored the likelihood the Federal Reserve would keep interest rates low in the coming period. In parallel, five-year CDS spreads remained stable on the overall across Middle Eastern markets, posting mostly nil change week-on-week.

As to the launching of new bond sales, Bahrain’s sovereign wealth fund Mumtalakat issued this week a US$ 750 million five-year bond, with the order book size reaching US$ 3 billion. Revenues from the sale would be used to reduce the issuer’s short-term borrowings and for the firm’s general corporate purposes, as per the company’s prospectus. Fitch and Standard & Poor’s have assigned “A” ratings to the issue. It is worth mentioning that Mumtalakat losses more than doubled in 2009, hitting US$ 487.2 million as compared to a loss of US $ 184.3 million in 2008, due to higher losses in Gulf Air and Aluminium Bahrain member companies.

In the UAE, National Bank of Abu Dhabi (NBAD) announced the sale of its US$ 156.9 million five-year sukuk at 4.75% in Malaysia, which is considered a strategic infiltration into the world’s biggest Islamic bond market. The sale of theses bonds would diversify the bank’s sources of funding and could open the door for other regional issuers to tap into a large liquidity pool and further strengthen links with the Asian investor base. NBAD is rated “A+” by Standard & Poor’s and “Aa3” by Moody’s.

Elsewhere in the Gulf region, the Central Bank of Oman announced this week plans to issue five-year development bonds worth of OR 100 million (US$ 259.7 million) with a 4% coupon. The subscription period will run from June 28 to July 15 and the five-year bonds will be issued on July 26, 2010. The bonds will be open for purchase by investors of all nationalities residing in Oman. This came within the context of an announcement made by the Central Bank of Oman in February that Sultanate's government is expected to roll over bonds worth more than OMR120 million in 2010.

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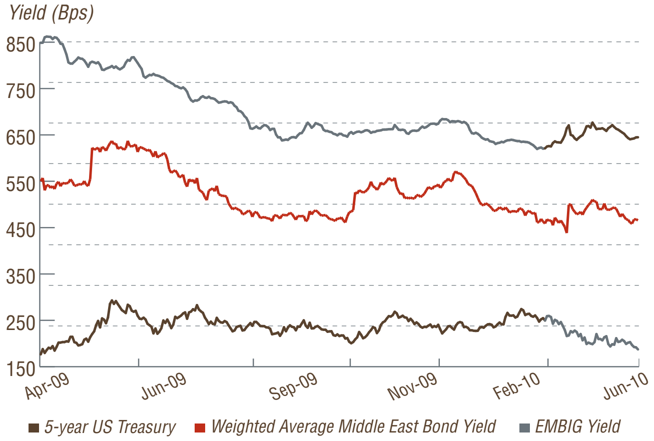
Further, Jordan, faced with rising domestic borrowing costs, announced this week its plans to speed up issuance of Islamic bonds or Eurobonds to tap more competitive and lower-cost sources of funding to finance its budget deficit.

On the other hand, Egypt’s Palm Hills Developments has delayed a plan to sell LE 500 million (US$ 88 million) in bonds until early 2011, because the firm would focus on construction and on building up its land bank in the next few months. Moreover, Abu Dhabi National Energy Co. (TAQA) announced this week that it has no plans to issue bonds during this year, after holding a series of presentations throughout June in the United States, Asia and Europe, stating that this was a non-deal road show that aimed to provide investors with updates of the company.

All in all, Arab issuers are looking forward for global markets conditions to be more favorable and the impact of debt restructuring in Dubai to become more visible as its final terms are released.

Weighted Average Middle East bond yield v/s Intl benchmarks



Sources: Thomson Reuters, Bank Audi's Research Department

Middle East 5Y CDS Spreads v/s Intl Benchmarks

in basis points	25-June 2010	18-June 2010	31-Dec 2009	Week-on -week	Year-to -date
Abu Dhabi	110	108	151	2	-41
Dubai	465	465	445	0	20
Qatar	90	90	105	0	-15
Saudi Arabia	70	70	85	0	-15
Bahrain	160	160	210	0	-50
Oman	181	170	127	11	54
Egypt	215	215	260	0	-45
Lebanon	300	300	281	0	19
Emerging Markets	278	268	272	10	6

Sources: Thomson Reuters, Bank Audi's Research Department

SOVEREIGN RATINGS

	Standard & Poor's	Moody's	Fitch	EIU
LEVANT				
Lebanon	B/Positive/B	B1/Stable	B/Stable/B	CCC/Stable
Syria	NR	NR	NR	B/Stable
Jordan	BB/Stable/B	Ba2/Stable	NR	B/Stable
Egypt	BB+/Stable/B	Ba1/Stable	BB+/Stable/B	BB/Stable
Iraq	NR	NR	NR	CC/Stable
GULF				
Saudi Arabia	AA-/Stable/A-1+	Aa3/Stable	AA-/Stable/F1+	BBB/Stable
UAE	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+	BB/Positive
Qatar	AA-/Stable/A-1+	Aa2/Stable	NR	A/Stable
Kuwait	AA-/Stable/A-1+	Aa2/Negative	AA/Stable/F1+	A/Stable
Bahrain	A/Stable/A-1	A2/Negative	A/Stable/F1	BBB/Stable
Oman	A/Stable/A-1	A1/Stable	NR	A/Stable
Yemen	NR	NR	NR	CC/Stable
NORTH AFRICA				
Algeria	NR	NR	NR	BB/Stable
Morocco	BBB-/Stable/A-3	Ba1/Stable	BBB-/Stable/F3	BB/Stable
Tunisia	BBB/Stable/A-3	Baa2/Stable	BBB/Stable/F2	BB/Stable
Libya	NR	NR	BBB+/Stable/F2	BB/Stable
Sudan	NR	NR	NR	C/Stable

NR = Not Rated

INTERNATIONAL MARKET RATES

	25-Jun-10	18-Jun-10	31-Dec-09	Weekly Change	Year-to-date
US Prime Rate	3.25%	3.25%	3.25%	0.00%	0.00%
3-M Libor	0.53%	0.54%	0.25%	0.00%	0.28%
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%

FX RATES (per US$)

	25-Jun-10	18-Jun-10	31-Dec-09	Weekly Change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,507.50	1,507.50	1,507.50	0.0%	0.0%
Syrian Pound (SYP)	47.05	47.05	45.75	0.0%	2.8%
Jordanian Dinar (JOD)	0.71	0.71	0.71	-0.1%	0.0%
Egyptian Pound (EGP)	5.68	5.68	5.49	0.0%	3.6%
Iraqi Dinar (IQD)	1,165.00	1,165.00	1,150.00	0.0%	1.3%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	-0.1%	-0.1%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.29	0.29	0.29	0.3%	1.4%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.38	0.38	0.0%	0.0%
Yemeni Riyal (YER)	224.50	224.75	203.00	-0.1%	10.6%
NORTH AFRICA					
Algerian Dinar (DZD)	72.89	73.11	70.42	-0.3%	3.5%
Moroccan Dirham (MAD)	8.91	8.90	7.88	0.1%	13.2%
Tunisian Dinar (TND)	1.50	1.50	1.32	0.2%	13.6%
Libyan Dinar (LYD)	1.31	1.31	1.23	-0.1%	6.7%
Sudanese Pound (SDG)	2.35	2.33	2.24	0.7%	4.8%

COMMODITIES (in US$)

	25-Jun-10	18-Jun-10	31-Dec-09	Weekly Change	Year-to-date
Crude oil barrel (Brent)	77.8	77.6	77.7	0.3%	0.2%
Gold ounce	1,254.5	1,256.4	1,095.7	-0.1%	14.5%
Silver ounce	19.0	19.1	16.8	-0.5%	13.1%
Platinum ounce	1,568.0	1,588.0	1,467.0	-1.3%	6.9%

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