

The Lebanon Weekly Monitor

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Figures released by the Central Bank of Lebanon reveal that Lebanon's cumulative balance of payments, which mirrors net foreign assets in the country, registered a surplus of US\$ 1,137 million in the first four months of 2009, a record high when compared to the same months of previous years.

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The rally that started ahead of the parliamentary elections accelerated after the voting was done. The price index of locally listed stocks climbed 9% week-on-week and closed at 129.07, reaching the highest index growth since the onset of the international financial crisis. Around 4.6 million shares changed hands this week, versus a million the previous week, and an average of 705 thousand per week since the beginning of 2009. The trading value also went up from US\$ 20.5 million the previous week to US\$ 99.0 million. This compares to an average weekly trading value of US\$ 10 million since the beginning of this year. As such, equities' performance in Lebanon fared much better than its peers in the Arab region. On the Eurobonds market, the mood was similar with both local and foreign demand strengthening and lifting up prices. The average spread on traded papers also contracted by 13 basis points to reach 454 basis points, which is 273 basis points' contraction than its level at the beginning of the year. On the foreign exchange market, the conversions from US dollars to Lebanese pounds increased, driving the Central Bank to intervene as a buyer of the green currency surpluses at the lower end of its intervention bracket of LP 1,501. Local currency liquidity on the money market abounded and the overnight rate stood at its official 3.5% level.

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Balance of payments reaches a record high surplus of US\$ 1.1 billion in the first four months of 2009

Figures released by the Central Bank of Lebanon reveal that Lebanon's cumulative balance of payments, which mirrors net foreign assets in the country, registered a surplus of US\$ 1,136.8 million in the first four months of 2009, a record high when compared to the same months of previous years.

This cumulative surplus compares well to a deficit of US\$ 140.8 million recorded in the first four months of 2008, and a surplus of US\$ 160.9 million attained in the same period of 2007. The first four months of the year 2009 were marked by a significant inflow of capital, which led to the aforementioned significant balance of payments surplus. It seems that the remarkable performance in the tourism sector witnessed in the first four months of the year, as well as the relatively high confidence in the soundness of the Lebanese financial system, which has remained undeterred throughout the financial crisis till now, have both resulted in the significant inflow of capital.

On a monthly basis, the month of April 2009 registered a surplus of US\$ 839.1 million in the balance of payments, the highest surplus registered in 2009, so far. The month of April continued the positive trend that has been prevailing since the second half of 2008, and was only interrupted slightly in March 2009, as since then, the balance of payments has been registering consecutive monthly surpluses and March 2009 was the only month to see a monthly deficit in the balance of payments. Still such figures reaffirm the notion adopted by several international institutions that Lebanon has indeed weathered off the global economic turmoil.

The April 2009 surplus was the result of a significant rise of US\$ 664.1 million net foreign assets of the Central Bank of Lebanon, along with a small increase of US\$ 175.0 million in net foreign assets of banks and financial institutions. As for the cumulative surplus of the first four months of 2009,

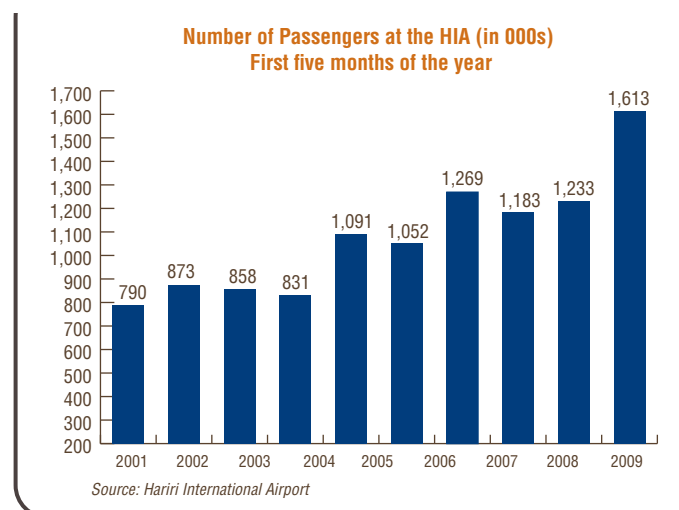
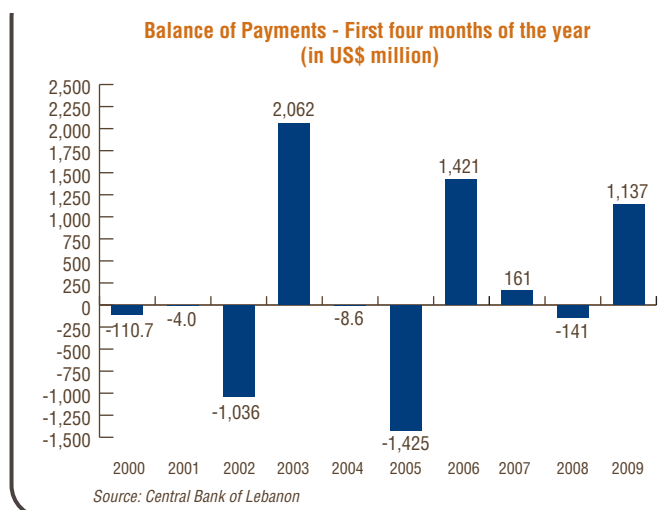
it the combined outcome of a rise of US\$ 2,448.6 million in net foreign assets of the Central Bank of Lebanon, which offset by far the drop of US\$ 1,311.8 million in net foreign assets of bank and financial institutions.

Airport activity reaches record high levels in the first five months of 2009

Figures released by the Harriri International Airport (HIA) reveal that air transport activity indicators displayed a vigorous growth in the first five months of 2009, leading to record high levels in the number of passengers at the airport, the number of planes, and more importantly the rate of increase of such activity indicators. Airline traffic saw a yearly rise of 32.7% in the first five months of the year, while passengers at the airport increased by 30.9% in the said period. Total planes using the airport in the first five months of 2009 amounted to 20,223, while passengers at the airport totaled 1,612,598.

Detailed aircraft activity suggests almost equal increases of 32.6% and 32.8% in landings and take-offs, respectively, with the former amounting to 10,111 planes and the latter amounting to 10,112 planes. As for in-depth passengers' activity at the HIA, one can notice that the prevailing norm throughout 2009 so far is one of almost equal activity at the level of arrivals and departures. This reflects that most people coming to Lebanon during the said period, whether tourists or Lebanese expatriates have been coming for visits or vacations. It seems that there has not been a significant activity of people leaving Lebanon permanently or coming to Lebanon for good during the said period. In other words, the effect of the global crisis on the jobs of Lebanese working abroad has been more or less contained.

Departing passengers increased by 27.2%, whereas arrivals went up by a slightly higher 34.9% relative to the same period of the previous year. Arriving passengers totaled 806,954 in the first five months of the year, while departing passen-



gers amounted to 805,644. As for transit passengers, they decreased by 32.2% relative to the first five months of 2008 to become 14,519.

Looking at the month of May 2009 alone, it was the second most active month during 2009 so far at the level of airport activity, following April. When compared to the fifth month of previous years, it is the most active, and it saw record high year-on-year growth rates in activity. When compared to May 2008, arriving passengers were at 187,852 in May 2009, up by 78.2% year-on-year, while departures went up by 72.3% year-on-year, to become 157,426. As for transit passengers, they totaled 3,232, up by 6.9% year-on-year. Similarly aircraft activity saw a year-on-year rise of 76.6% during the month.

Clearing activity up by 5.1% in the first four months of 2009

The value of cleared checks in the banking system, a coincident indicator of overall spending patterns. According to figures released by the Association of Banks in Lebanon, total cleared checks amounted to US\$ 16,221 million in the first four months of 2009, up by a 5.1% from the corresponding period of the previous year.

This increase is mostly the result of a 15.2% increase in local currency denominated checks that totaled LP 5,192 billion, as well as an increase of 2.7% in foreign currency denominated checks. The latter amounted to US\$ 12,777 million in the first four months of 2009.

The rise in LP denominated cleared checks within the context of a smaller increase in foreign currency denominated cleared checks has led to a fall in the dollarization of cleared checks to 78.76% in the first four months of this year, down from 80.63% in the same period of the previous year. This decline in the dollarization rate is in line with the recent trend of increased confidence in the Lebanese pound as a medium of transaction in the country, which has led to a continuous decline in deposit dollarization, as well.

On a monthly basis, the total value of cleared checks amounted to US\$ 4,026 million in April 2009, down by 2.5% from the same month of the previous year. The year-on-year decrease in clearing activity was driven by a decline in foreign currency denominated transactions, as LP denominated transactions went up by 6.5% year-on-year to reach LP 1,212 billion. However, in volume, the decrease in the latter was higher than the increase in the former. The value of US Dollar denominated cleared checks was at US\$ 3,222 million in April 2009, down by 4.5% from their value in April 2008.

When compared to the previous month, the total value of

cleared checks saw a 2.9% decrease, resulting from a 10.5% drop in local currency denominated cleared checks, as well as an 8.3% decline in foreign currency denominated cleared checks. It is worth noting that in 2009, April was the only month to witness a year-on-year decline in clearing activity, and it also saw the slowest clearing activity during the year, so far. This decrease signifies a drop in spending in the fourth month of this year, probably as a result of a wait and see mood adopted by people prior to the elections.

Port of Beirut's revenues up by 34.0% in the first four months of 2009

Maritime transport services, which mirror the performance of the trade sector, saw positive variations in the first four months of 2009, as reflected by the main indicators of the Port of Beirut that handles the majority of the country's imports and exports. According to the figures released by the Port, the number of ships totaled 799 in the first four months of 2009, up by 15.0% as compared to 2008's same period. The total tonnage of loaded and unloaded merchandise at the port went up by 1.2% to reach 1,979 thousand tons.

It is worth noting that the tonnage of merchandise loaded and unloaded at the port is one of the most important indicators of import activity at the port. This indicator has been witnessing the slowest increases so far, when compared to other activity indicators handled by the Port, and it even saw year-on-year declines in February and April 2009. However, here one should note that a slowdown in the growth of the tonnage of goods loaded and unloaded at the port does not necessarily signify a slowdown in the growth of real import and export activity, as the goods traded in the first four months of 2008 could simply be heavier in weight and not greater in volume than those traded in the first four months of this year.

In parallel, the number of containers at the Beirut Port increased by 15.8% to reach 180,645 containers during the said period. It is worth noting that the mentioned number of containers encompasses all incoming and outgoing containers at the Port, but not transshipments. As a matter of fact, the latter totaled 141,043 containers, up by a yearly 13.1%. As for the revenues generated by the port, they reached US\$51.7 million, depicting a 34.0% increase from the first four months of 2009.

In April 2009, figures again revealed a positive year-on-year trend demonstrated by a rise in almost all items. The number of ships increased by 19.0% to reach 200, the number of containers went up by 16.9% to reach 48,673, transshipments went up by 3.9% to 42,215 and revenues increased by 35.6% to US\$ 11.9 million. As to merchandise traded, it was the only item to witness a year-on-year decrease in April, as it weighed 471 thousand tons, down by 11.3% year-on-year.

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JP Morgan forecasts a real GDP growth of 3.5% in Lebanon in 2009 amidst persistent resilience of the country's financial system

In a recent note released this week, JP Morgan forecasted an ongoing resilience of the financial system in Lebanon to the global backdrop, accompanied by a continuous downward trend in the dollarization rate throughout 2009 and 2010. Indeed, JP Morgan agreed with several principal international institutions like the International Monetary Fund and the World Bank that Lebanon has weathered the global turmoil relatively well and the financial system has remained relatively stable. JP Morgan forecasted a real GDP growth of 3.5% in Lebanon in 2009, down from a strong growth rate of 8% in 2008. The bank, however, attributed this slowdown to slowing activity in the rest of the region.

As a matter of fact, JP Morgan cited that the economy is particularly likely to suffer from a decrease in workers' remittances and FDI inflows as well as lower demand for exports, all of which are external factors. The study went on to note that this economic slowdown in Lebanon was noticeable in the decline in the average coincident indicator in the first quarter of 2009 relative to the last quarter of 2008, when economic performance was at mounting levels.

As to JP Morgan's views on the backbone of the Lebanese economy, its banking system, there was an emphasis on the importance of deposit flows to keep the economy in motion. The study noted that the rise in deposit flows helped boost the year-on-year growth rate of LP money supply to 56.7% in March 2009 from 33.3% in September 2008, while broad money supply M3 increased 14.5% in March 2009. This will likely support domestic demand and cushion the impact of lower external demand. Here, JP Morgan noted that expansionary fiscal and monetary policies in the GCC will keep workers' remittances, FDI, and trade flows from plunging significantly during 2009.

Furthermore, the study went on to highlight the decline in dollarization rate, which reached 67.7% at end-March 2009, forecasting that this trend shall continue throughout 2009 and 2010. This is due to greater local currency deposits, which increased by 61.4% year on-year in March 2009 compared to 36.3% in September 2008. The positive interest rate spread between local currency and dollar deposits has also helped trigger a switch of deposits from foreign to local currency. Growth in local currency credit to the private sector continued on an upward trend, reaching 24.7% year-on-year in March 2009, while growth in foreign currency credit to the private sector decreased to 12.1% in March 2009 compared to 22.4% in September.

As to public finance activity, JP Morgan indicated that in light of the recent deterioration in the overall budget deficit in the first quarter of the year, the commitment to maintain a positive primary balance will be key to stabilize the ratio

of public debt to GDP, which decreased to 162% in 2008. The study pinpointed that while banks' holding of treasury bills leveled off in the first quarter of 2009, the Central Bank holding of treasury bills increased by 15.2% quarter-on-quarter in March 2009, which could result in higher inflationary pressures over the medium term, should this trend increase further, according to JP Morgan.

Finally, in light of the above-mentioned factors shaping the performance of the Lebanese economy, whether internal or external, JP Morgan has maintained a Marketweight recommendation on Lebanon for the time being.

Corruption remains a key challenge in Lebanon

Last week, Transparency International released its Global Corruption Barometer, a poll in which Lebanon scored 3.6 out of 5, the equivalent of 72% of respondents, when it comes to the level of corruption prevailing in the country. Lebanon's score is close to the regional average of 3.5 or 70%, noting that the Middle East has the highest level of corruption, worldwide.

A graph, detailing the percentage of people who've had to pay a bribe in the last 12 months starts with the highest figure (40%) in the Middle East and then slopes down, past other regions of the world ending up in North America (2%). The report, which surveyed Lebanon, Iraq, Morocco and Kuwait, also talks about people's perceptions of political parties, Parliament, the judiciary, the private sector and the media.

Its specific figures on Lebanon might seem like relatively good news for the business community. Only 5% of respondents said that Lebanon's private sector was the most affected by corruption; while the highest number of respondents stated that political parties were the most corrupt. Judiciary institutions also scored low when it comes to corruption. Indeed Lebanon scored the lowest on Judiciary corruption, 3.3 out of 5, or 66%, and the highest on the corruption of political parties, 4.1 out of 5, or 82%.

In short, corruption remains one of the most important challenges in Lebanon and the Middle East to the rule of law and an efficient judicial system. The country and the region suffer from various inefficiencies, such as a poor distribution of wealth, and a lack of political awareness on how to fight back against corruption, despite the efforts of activists and NGOs.

Global Corruption Barometer

	Political Parties	Parliament	Private Sector	Media	Public Officials	Judiciary	Average
Lebanon	4.1	3.8	3.4	3.4	3.9	3.3	3.6
Middle East	3.6	3.3	3.5	3.2	3.9	3.1	3.5

Sources: Transparency International, Bank Audi's Research Department

► CORPORATE NEWS

Bank Audi granted Euromoney's "Best Bank in Lebanon" award

Bank Audi sal was granted the prestigious "Best Bank in Lebanon" award at the 2009 Euromoney Awards for Excellence – Middle East ceremony held in Qatar on June 9. The event was hosted by Euromoney and attended by around 200 prominent guests including top executives of the regional banking sector and financial institutions.

The nominations are based on quantitative and qualitative criteria over a 12-month period, selected among more than 300 submissions from around 70 banking institutions in the Middle East.

"In 2008, Bank Audi's fee-based income grew by about 40%, comfortably outstripping other major banks in the country and setting a solid foundation for further growth", according to Euromoney's Managing Director.

Bank Audi is currently the largest bank in Lebanon and one of the leading Arab banking groups in the region. At end-March 2009, the Bank's consolidated assets reached US\$ 20.7 billion (US\$ 27 billion when including fiduciary deposits, security accounts and assets under management), and shareholders' equity stood at US\$ 2 billion.

Banque Libano-Française's net profits up by 9.3% to US\$ 13.8 million in the first quarter of 2009

Banque Libano-Française reported net profits of US\$ 13.8 million in the first quarter of 2009, up by 9.3% from US\$ 12.6 million in the first quarter of 2008. Interest margin increased by a yearly 0.5% to US\$ 29.7 million in the first quarter of 2009, while non-interest income declined from US\$ 11.0 million in the first quarter of 2008 to US\$ 10.0 million in the first quarter of 2009. Subsequently, operating income declined by 2.2% to reach US\$ 39.7 million in the first quarter of 2009.

Total operating expenses amounted to US\$ 21.7 million in the first quarter of 2009, up by a yearly 0.1%, of which staff expenses reached US\$ 12.8 million, up by a yearly 0.4%. The bank's cost-to-income ratio stood at 54.8% in the first quarter of 2009.

Total assets amounted to US\$ 6.6 billion at end-March 2009, up by 9.7% from US\$ 6.0 billion at end-March 2008. Customer deposits totaled US\$ 5.5 billion, posting a 10.9% increase from US\$ 4.9 billion at end-March 2008. Loans increased by 12.3% year-on-year to reach US\$ 2.0 billion at

end-March 2009. The ratio of loans to deposits was 36.4% at end-March 2009, compared to 35.9% at end-March 2008.

The bank's shareholders' equity amounted to US\$ 484.8 million at end-March 2009, down by an annual 0.3%. Subsequently, the bank's equity to assets ratio stood at 7.3%. The bank's net return on average assets amounted to 0.84% in the first quarter of 2009, while its net return on average equity reached 10.7%. Banque Libano-Française operated 37 branches and employed a staff of 911 people at end-March 2009.

Fransabank posts net profits of US\$ 16.9 million in the first quarter of 2009

Fransabank reported net profits of US\$ 16.9 million in the first quarter of 2009, against US\$ 20.7 million in the first quarter of 2008. Interest margin increased from US\$ 39.8 million in the first quarter of 2008 to US\$ 48.2 million in the first quarter of 2009, while non-interest income declined from US\$ 11.3 million to US\$ 8.4 million in the first quarter of 2009. Subsequently, operating income increased by 10.8% to reach US\$ 56.5 million in the first quarter of 2009.

Total operating expenses increased by 24.1% to US\$ 34.2 million in the first quarter of 2009, of which staff expenses reached US\$ 20.5 million, up by a yearly 29.4%. The bank's cost-to-income ratio stood at 60.5% in the first quarter of 2009.

Total assets amounted to US\$ 8.5 billion at end-March 2009, up by 14.8% from US\$ 7.4 billion at end-March 2008. Customer deposits totaled US\$ 7.1 billion, posting a 13.4% increase from US\$ 6.3 billion at end-March 2008. Loans increased by 13.1% year-on-year to reach US\$ 1.8 billion at end-March 2009. The ratio of loans to deposits reached 24.8% at end-March 2009.

The bank's shareholders' equity amounted to US\$ 785.0 million at end-March 2009, up by an annual 46.0%. Subsequently, the bank's equity to assets ratio stood at 9.3%. The bank's net return on average assets amounted to 0.8% in the first quarter of 2009, while its net return on average equity reached 8.5%. Fransabank operated 107 branches and employed a staff of 1,961 people at end-March 2009.

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Money Market: Strong local currency liquidity

Amidst a strong wave of US dollar-to-LP conversions on the foreign exchange market, local currency liquidity abounded and kept the overnight rate at 3.5%, the low official level. As to Certificates of Deposits (CDs), the Central Bank sold this week LP 10 billion in the 60-day category and none was sold in the 45-day category with total subscriptions since the beginning of the year 2009 reaching LP 471 billion (LP 119 billion in the 45-day papers and LP 352 billion in the 60-day papers).

On the monetary aggregates level, figures for the week ending May 27 show an increase of LP 184 billion in local currency deposits, as a result of a LP 80 billion growth in time deposits and a LP 104 billion increase in demand deposits. In parallel, deposits in foreign currencies went up by US\$ 217 million. These variations compare to an average weekly increase of LP 248 billion for LP deposits since the beginning of the year 2009, and an average increase of US\$ 61 million in foreign currency deposits.

LP money supply (M2) expanded by LP 166 billion, versus an average weekly increase of LP 248 billion since the beginning of the year 2009. The total money supply in its large sense (M4) expanded by LP 533 billion, compared to an average weekly increase of LP 354 billion since end-2008.

On a cumulative basis since the beginning of the year, money supply in the large sense (M4) expanded by LP 7,441 billion. This is the result of an important growth in local currency denominated time deposits of LP 5,224 billion and an increase of LP 1,984 billion (US\$ 1,316 million) in foreign currency deposits. Money supply in its narrow sense (M1) contracted by LP 128 billion over the same period, while Treasury bills held by the public increased by LP 361 billion.

Interest rates	12/06/09	05/06/09	26/12/08
Overnight rate	3.50%	3.50%	3.50% ↔
7 days rate	4.50%	4.50%	4.50% ↔
1 month rate	4.17%	4.17%	4.17% ↔
45-day CDs	4.40%	4.40%	4.40% ↔
60-day CDs	4.89%	4.89%	4.89% ↔

Treasury Bills Market: Modest secondary market activity

The secondary market saw this week a shy trading activity on the medium and long-term Treasury bills. In contrast, the latest results of the Treasury bills auction, released by the Central Bank this week showed that total subscriptions for value date June 4, 2009 amounted to LP 212 billion, and were distributed as follows: LP 5 billion in the three-month

category, LP 3 billion in the six-month category, LP 0.8 billion in the one-year category, LP 0.03 billion in the two-year category and LP 203 billion in the three-year category. These compare to maturities of LP 558 billion, resulting in a nominal deficit of LP 345 billion.

The average yields on all categories were reduced again this week by two to four basis points with the one-year and two-year yields standing still. The preliminary results of this week's auction (June 10, 2009) showed that average yields across all categories went down by another three to six basis points, which is a slightly more significant decrease relative to the previous weeks.

Treasury bills	12/06/09	05/06/09	26/12/08
3-month	4.94%	4.94%	5.10% ↔
6-month	6.72%	6.75%	7.10% ↓
1-year	6.98%	7.04%	7.58% ↓
2-year	7.66%	7.70%	8.26% ↔
3-year	8.64%	8.68%	9.00% ↓
Nom. Subs. (LP billion)		212	242
Short-term (3&6 mths)		8	80
Medium-term (1&2 yrs)		1	13
Long-term (3 yrs)		203	149
Maturities		558	157
Nom. Surplus/Deficit		-345	85

Foreign Exchange Market: Strong LP demand post elections

After a couple of weeks of balanced currency trading between the US dollar and the Lebanese pounds, a strong demand for the local currency swayed over the foreign exchange market, following the parliamentary elections.

The US dollar offer was short of a significant demand and the Central Bank intervened as a buyer of the green currency. Commercial banks were trading the US Dollar at a rate hovering between LP 1,501 and LP 1,501.25 which is slightly lower than last week's.

As a result of this overall favorable trading mood prevailing over the past year, the process of deposits de-dollarization continued. The most recent banking statistics released by

Exchange rates	12/06/09	05/06/09	26/12/08
LP/US\$	1,507.5	1,507.5	1,507.5 ↔
LP/£	2,483.46	2,418.03	2,221.60 ↓
LP/¥	15.37	15.59	16.66 ↑
LP/SF	1,401.93	1,408.88	1,401.80 ↑
LP/Can\$	1,355.06	1,367.84	1,236.37 ↑
LP/Euro	2,118.04	2,138.54	2,120.00 ↑

the Central Bank of Lebanon reflected this trend. The recently released data shows that by the end of April 2009 deposits' dollarization reached 67.5%, down from 67.7% a month earlier, and down by two percentage points from the end of 2008.

Stock Market: Extended demand rally & price hikes post parliamentary elections

Investors hustled to the Beirut Stock Exchange the week after the parliamentary elections. Demand came strong, lifting the price index from 118.56 to 129.07, i.e. by 8.9% which is the highest weekly growth since the breakout of the international financial crisis. The trading value reached US\$ 98.8 million over the week, compared to US\$ 20.5 million in the previous week. The average daily trading value was US\$ 24.7 million, more than six times the US\$ 4.1 million of the previous week. Accordingly, the trading index climbed 495% to 1080.76.

In details, Solidere that is the most sensitive stock to political developments accounted for 94% the weekly turnover. Solidere "A" share price increased by 18.4% to US\$ 23.7, and Solidere "B" share price climbed 17.7% to US\$ 23.57. In fact, since the beginning of the month Solidere's shares have gained more than 27%.

On the other hand, banking shares accounted for only 6% of the total trading value this week, but also progressed notably. Bank Audi's GDR price gained 8.2% to close at US\$ 64.90, and the same bank's "listed" shares increased by 9.2% to close at US\$ 59.55. BLOM's GDR price went also higher by 5.7% to close at US\$ 71.90. BLOM's listed stock also went higher by 15.0% to close at US\$ 71.85. Byblos Bank's "listed" shares likewise gained 3.3% to US\$ 1.86 whereas its "priority shares" increased by 1.6% to US\$ 1.85.

Among the industrial shares, Holcim changed hands and went up 2.2% to US\$ 13.70. As to the investment funds, none was traded this week.

Audi Indices for BSE	12/06/09	05/06/09	26/12/08
22/1/96=100			
Market Cap. Index	444.58	408.37	393.96 ↑
Trading Vol. Index	1080.76	181.63	50.43 ↑
Price Index	129.07	118.56	116.09 ↑
Change %	8.90%	6.03%	-1.71% ↑
Market Cap. \$m	10,547	9,688	9,346 ↑
No. of shares traded	4,589,898	1,042,745	372,788 ↑
Value Traded \$000	98,790	20,498	4,550 ↑
o.w. : Solidere	93,032	15,141	3,182 ↑
Banks	5,675	5,337	1,329 ↑
Others	83	19	39 ↑

Finally, the BSE's performance was better than other emerging stock markets, as reflected by a 0.4% increase in the Morgan Stanley Capital International Emerging Market Free Index (MSCI EMF) and a 0.1% rise in the MSCI East Europe, Middle East and Africa Index (MSCI EMEA).

Likewise, the BSE fared better than other Arabian markets, as reflected by a small drop of 0.3% in the Morgan Stanley Capital International Arabian markets Index (MSCI Arabian Markets) and a 0.4% decrease in the Morgan Stanley Capital International GCC countries Index (MSCI GCC countries).

Bond Market: Hustling local and foreign demand

The average spread also tightened by 13 basis points to reach 454 basis points. On a cumulative basis, the average spread reached lost 273 basis points since the beginning of the year and is the lowest since mid 2008.

The average spread also tightened by 13 basis points to reach 454 basis points. On a cumulative basis, the average spread reached lost 273 basis points since the beginning of the year and is the lowest since mid 2008.

The weekly change due to a negligible change in the benchmark yields and lower yields on Lebanese bonds. For instance, the average yield on the five-year US Treasury bill increased from 2.77% last week to 2.79% this week. US Treasuries prices had fell mid week after an auction of the ten year notes heightened results over the burgeoning US deficits, but by the end of the week worries soothed on solid results of another long term auction.

Eurobonds Indicators 12/06/09 05/06/09 26/12/08

Total tradable size \$m	17,569	17,573	17,173 ↓
o.w.: Sovereign bonds	16,999	17,003	16,603 ↓
Average Yield	6.83%	6.93%	8.88% ↓
Average Spread	454	467	755 ↓
Average Life	4.75	4.76	4.65 ↓
Yield on US 5-year note	2.79%	2.77%	1.32% ↑

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ARAB STOCK MARKETS INDICES:

	12-Jun-09	05-Jun-09	31-Dec-08	Weekly change	End-year-to-date change
Beirut stock market	129.07	118.56	113.6	8.9%	13.7%
Abu Dhabi securities market	56.7	54.69	47.0	3.7%	20.6%
Amman stock exchange	363.64	379.76	340.3	-4.2%	6.9%
Bahrain stock exchange	136.08	140.34	156.5	-3.0%	-13.0%
Casablanca stock exchange	230.073	229.92	224.5	0.1%	2.5%
Doha securities market	138.01	138.21	142.7	-0.1%	-3.3%
Dubai financial market	62.42	62.32	60.3	0.2%	3.6%
Egypt capital market	316.54	320.54	240.1	-1.2%	31.8%
Kuwait stock market	149.95	149.4	147.9	0.4%	1.4%
Muscat securities market	159.01	161.09	157.3	-1.3%	1.1%
Saudi stock market	137.32	139.21	113.2	-1.4%	21.3%
Tunis stock exchange	131.36	133.51	114.8	-1.6%	14.5%
AMF composite	173.18	173.99	156.3	-0.5%	10.8%

Source: Arab Monetary Fund

INTERNATIONAL MARKET INDICATORS:

	12-Jun-09	05-Jun-09	31-Dec-08	Weekly change	End-year-to-date change
EXCHANGE RATES					
YEN/\$	98.13	96.69	90.92	1.5%	7.9%
\$/£	1.64	1.604	1.4520	2.2%	12.9%
\$/Euro	1.398	1.418	1.3950	-1.4%	0.2%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	8,799.26	8,763.13	8,776.39	0.4%	0.3%
S&P 500	946.21	940.09	903.25	0.7%	4.8%
NASDAQ	1,858.80	1,849.42	1,577.03	0.5%	17.9%
CAC 40	3,326.14	3,339.05	3,217.97	-0.4%	3.4%
Xetra Dax	5,069.24	5,077.03	4,810.20	-0.2%	5.4%
FT-SE 100	4,441.95	4,438.60	4,434.20	0.1%	0.2%
NIKKEI 225	10,135.82	9,768.01	8,859.56	3.8%	14.4%
COMMODITIES					
GOLD OUNCE	937.9	955.3	878.20	-1.8%	6.8%
SILVER OUNCE	14.79	15.24	11.30	-3.0%	30.9%
BRENT CRUDE (barrel)	71	67.61	39.83	5.0%	78.3%
LEADING INTEREST RATES (%)					
1-month Libor	0.32	0.32	0.45	0.00	-0.13
US Prime Rate	3.25	3.25	3.25	0.00	0.00
US Discount Rate	0.50	0.50	0.50	0.00	0.00
US 10-year Bond	3.79	3.84	2.22	-0.05	1.57

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