

The Lebanon Weekly Monitor

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Venus Real Estate Development Co. recently launched a residential project in the Beirut Central District, "Venus Towers", valued at around US\$ 500 million.

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Lebanese capital markets were marked by a vibrant activity this week, as an optimistic mood regarding the cabinet formation disseminated in the market following the positive developments on the Saudi-Syrian political level. This translated into a rising appetite for stocks, resulting in a 3.1% increase in the BSE price index, which is the highest weekly increase since end-June 2009. The BSE fared better than other world, emerging and Arab markets that reported a weekly change of -1.4%, -1.2% and +0.5% respectively. On the Eurobond market, a local and foreign demand for long-term maturities appeared this week, while the offer was shy. The average spread remained unchanged at 356 basis points due to stability in Lebanese and benchmark yields. On the foreign exchange market, market players continued to convert their FC holdings into LP holdings, in lower volumes relative to the previous week. The Central Bank of Lebanon intervened for two days only as a buyer of the green currency surpluses at the lower end of its intervention bracket (LP 1,501), while commercial banks traded the US Dollar at a rate hovering between LP 1,501 and LP 1,501.25.

Research Department

Bank Audi sal - Audi Saradar Group

Bank Audi Plaza, Bab Idriss, Riad El Solh - Beirut - Lebanon

P.O.Box : 11 - 2560 / Tel : (01) 994000 / Telefax : (01) 985622

Swift : AUDBLBBX - <http://www.banqueaudi.com>

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Foreign Direct Investment in Lebanon up by 32.0% in 2008

The United Nations Conference on Trade and Development (UNCTAD) released its World Investment Report of 2009, which shows that foreign direct investment (FDI) in Lebanon totaled US\$ 3,606 million in 2008, up by 32.0% from US\$ 2,731 million in 2007, and by 34.8% from US\$ 2,675 million in 2006. FDI outflows from Lebanon totaled US\$ 987 million in 2008, up by 16.4% from US\$ 848 million in 2007, and by 12.8% from US\$ 875 million in 2006.

FDI inflows to Lebanon accounted for 3.4% of total FDI inflows in the MENA region and for 3.8% of inflows in the Arab countries in 2008, compared to higher ratios of 4.0% and 6.3% in 2007, respectively. They also accounted for 4.0% of FDI inflows to Western Asian countries, 0.6% of FDI inflows into developing countries, and for 0.2% of global inflows in 2008.

FDI outflows from Lebanon accounted for 0.4% of total FDI outflows from the MENA region and for 0.43% of total outflows from the Arab countries in 2008, compared to 0.4% and 0.7% in 2007, respectively. They also accounted for 0.45% of FDI outflows from Western Asian countries, for 0.34% of FDI outflows from developing countries, and for 0.05% of FDI global outflows in 2008.

In 2008, Lebanon was the sixth largest recipient of FDI (in nominal terms) among 18 Arab countries, the seventh largest among the 20 economies of the MENA region, and the fifth largest in West Asia. In 2007, it was the eighth largest recipient among its Arab peers, ninth largest in the MENA region and the sixth largest in West Asia. Also last year, Lebanon posted the sixth highest growth rate in FDI among Arab countries and the sixth highest in the MENA region. Lebanon was one of 11 Arab countries that saw an increase in FDI in 2008. The growth rate of FDI to Lebanon was higher than the 19.6% aggregate FDI growth of Arab economies, significantly higher than the global FDI decline of 14.2% and higher than the 17.3% growth of FDI to developing economies in 2008.

FDI flows to Lebanon were equivalent to 12.5% of GDP in 2008, the highest in the Arab world, and were equivalent to 85.2% of gross fixed-capital formation, the highest such ratio in the region. In comparison, FDI flows as a percentage of gross fixed-capital formation were 21.8% in West Asian economies, 12.8% in developing economies and 12.3% on a global basis in 2008.

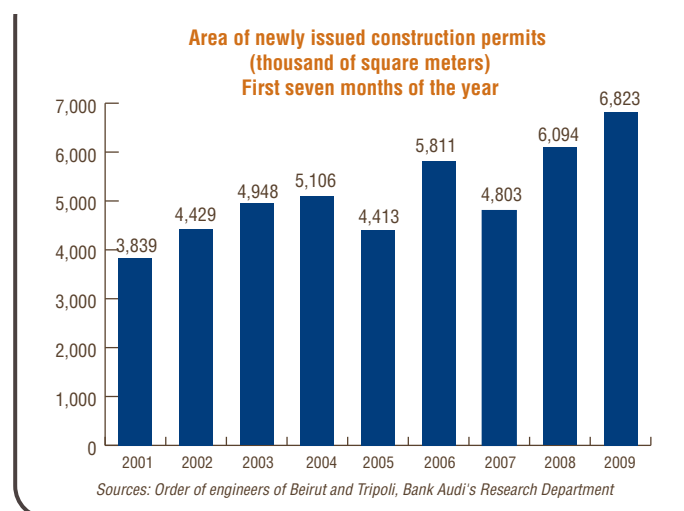
Net cross-border mergers and acquisitions sales in Lebanon reached US\$ 108 million in 2008, up from -US\$ 153 million

in 2007, reflecting the differential between the value of sales of local companies to foreign entities and the value of sales of foreign affiliates in the local economy. In 2008, net cross-border mergers and acquisitions purchases reached -US\$ 233 million down from US\$ 210 million in 2007. UNCTAD placed Lebanon in the category of economies where the agricultural sector had a low importance in attracting FDI. The manufacturing sector, it said, was “moderately important” to attracting FDI. Lebanon came in the same category as countries such as Egypt, Jamaica, Jordan, Lesotho, Macao in China, Qatar, Russia, and Saudi Arabia. Global FDI reached US\$ 1,697 billion in 2008, down by 14.2% from US\$ 1,978 billion in 2007, while FDI inflows to developing economies grew by 17.3% to US\$ 621 billion.

Construction permits up by 12.0% in the first seven months of 2009

Figures released by the Order of Engineers of Beirut and Tripoli reveal that the first seven months of 2009 saw a significant upsurge in construction activity as construction permits totaled 6,823,317 square meters, up by 12.0% from the same period of the previous year and by 42.0% from the same period of 2007.

Within this context, one should note that construction activity in the first seven months of 2009 reached a record high level when compared to the same period of previous years in Lebanon. In fact, previously in the first seven months of 2008, construction activity in Lebanon was at its pinnacle, amidst the real estate boom, as contractors were trying to match the real estate boom by launching new projects, and now this activity recorded a new peak, which is deemed especially significant as it comes within the context of a downfall in real estate activity across the region. In short, it seems that Lebanon has once again successfully countered the global economic crisis, this time at the level of construction activity.



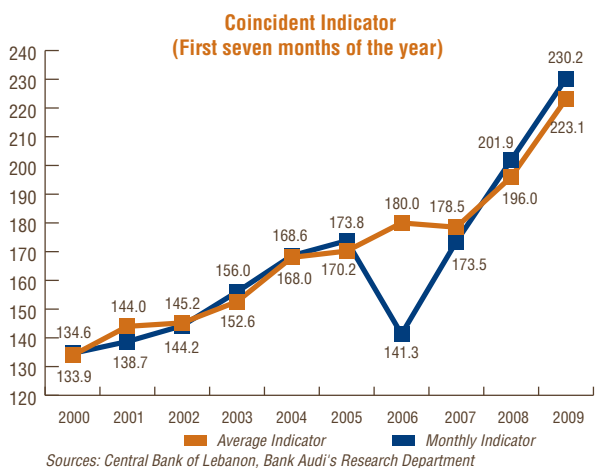
During the seventh month of the year, construction activity saw a slowdown, reaching its lowest level in 2009 so far of 556,405 square meters, and declining by 43.2% relative to July 2008. Nevertheless, it is worth noting that this did not have a significant effect on overall construction activity in the country in the first seven months of the year, as each of the first six months in 2009 in itself saw a very flourishing construction activity.

Mount Lebanon accounted for the majority of distributed construction permits in the first seven months of 2009 with 48.0% of the total. It was followed by North Lebanon with 22.2%, South Lebanon with 16.2%, Beirut with 7.6%, and the Bekaa with 6.1%.

Coincident indicator continues to soar upwards in the first seven months of 2009

The coincident indicator, an index developed by the Central Bank, which monitors economic activity in Lebanon, averaged 223.14 in the first seven months of 2009, up by 13.9% from the same period of the previous year, and reaching a record high when compared to the same periods of previous years. This suggests a significant step up in economic performance in Lebanon in the first seven months of the year to reach peak levels.

When looking at the monthly coincident indicator throughout 2009 so far, it seems that improving economic activity was at its peak in the fourth month of the year, as the coincident indicator stood at 236.5 points in April 2009. It was followed by July, during which the monthly indicator was at its second highest level in 2009, so far, reaching 230.2 points, up by 14.0% relative to July 2008 and by 0.5% relative to the previous month. As a matter of fact, the three months extending between May, June and July, have seen an incessant upward trend in the coincident indicator, mirroring a buoyant economic performance.



Kafalat guarantees increase by 5.0% in the first seven months of 2009

Figures released by the Kafalat Corporation indicate that loans extended to small and medium sized companies under the guarantee of Kafalat totaled LP 117.2 billion, or US\$ 77.7 million in the first seven months of 2009, up by 5.0% from LP 111.6 billion or US\$ 74.0 million posted in the same period of the previous year. The aggregate number of guarantees amounted to 588, up by 9.0% from 535 guarantees in the first seven months of 2008. The increase in the number of guarantees within the context of a lower increase in the total value of guarantees has led to a slight decline in the average value per guarantee, which dropped over the said period of 2009 by 4.4% to reach LP 199.3 million, or US\$ 132,200.

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Agriculture captured the majority of guarantees with 270 or 45.9% of the total in the first seven months of 2009 compared to 211 guarantees over the same period of 2008. Industry's part dropped from 243 in the first seven months of 2008 to 222 guarantees or 37.8% of the total. Tourism absorbed a total of 66 guarantees, or 11.2%, maintaining practically the same share when looking at the same period of 2008. Specialized technologies' fraction had the most significant boost from 1 guarantee or 0.19% in the first seven months of 2008 to 15 guarantees, or 2.5% at during the first seven months of 2009. Handicrafts' share was almost unchanged compared to the same period of 2008 posting 15 guarantees, or 2.6% of the total over the first seven months of 2009.

As for the distribution of guarantees by area, Mount Lebanon accounted for the majority with 277 guarantees, or 47.1% of the total, followed by the Bekaa with 100 guarantees (17.0%), the North with 77 guarantees (13.1%), the South with 65 guarantees (11.1%), and Beirut with 30 guarantees (5.1%).

On a monthly basis, during July 2009, Kafalat guarantees totaled LP 20.8 billion, or US\$ 13.8 million, up by 80% from the same month of the previous year and by 45.3% relative to the previous month. Here, it is worth noting that the month of July 2009 was the only month to witness a year-on-year rise in the value of extended Kafalat guarantees and was thus the sole driver behind the rise in the first seven months of the year. The number of guarantees totaled 95 in July 2009, up by 55.7% from July 2008 and 13.1% from June 2009. Consequently, the average value per guarantee was at LP 219 million in July 2009, up by 15.5% year-on-year and by a monthly 28.5%.

► SURVEYS

Lebanon records the best annual improvement in the world as per Euromoney's country risk rankings

In its semi-annual survey on the country risk of 186 countries conducted in September 2009, Euromoney magazine ranked Lebanon in the 80th place worldwide, thus demonstrating a significant improvement as its placement rose by 22 notches from the 102nd place globally in its previous survey of March 2009. It is worth noting that this continues the upward path that Lebanon has been tracing in its country risk ranking as the country had already registered a significant progress of 32 notches in the previous survey conducted in March 2009. This leaves Lebanon's overall advancement during the year extending between September 2008 and September 2009 at a spectacular 54 ranking, the highest improvement in the world.

In fact, Lebanon's score went up by 18.6% on a semi-annual basis from 41.73 points out of 100 in March 2009 to reach a current 49.52 points. On an annual basis, Lebanon's score witnessed an upsurge of 40.8% from 35.15 points in September 2008. The main reason behind such an improvement is related to Lebanon's resilience against the global financial crisis that impacted a large number of countries around the world.

Regionally, Lebanon ranked 12th out of 19 countries in the Middle Eastern and North Africa (MENA) region, unchanged from its ranking in March 2009, yet progressing by three spots from the 15th position in September 2008, and by four spots from the 16th place in the March 2008 survey. It is worth noting that the regional trend has shifted from one of increasing overall risk in the six month between September 2008 and March 2009 to a current one of declining risk. Nonetheless, Lebanon's trajectory had been one of a consistent decline in country risk, even when the global crisis hit its peak.

Lebanon witnessed the second highest score increase in the region of 18.7%. Lebanon's overall score increase on account of the continuous amelioration in local political conditions in the country, as well as the fact that the country's financial system was relatively shielded from the global financial crisis.

The survey assesses individual country risk by assigning a weighting to 9 categories covering political risk, economic performance, debt indicators, debt in default or rescheduled debt, credit ratings, access to bank finance, access to short-term finance, access to capital markets, and discount on forfeiting. Lebanon's score on each of the 9 categories either progressed or remained unchanged on a semi-annual basis.

Political risk accounts for 25% of the weight and refers to risk of non-payment or non-servicing of payment for goods or services, loans, trade-related finance and dividends, and the non-repatriation of capital. Lebanon scored 13.45 out of 25 on this category, with its score rising significantly by 35.4% from 9.93 in the previous survey. Economic performance accounts for another 25% of the weight and is based on Gross National

Income (GNI) figures per capita and on results of the Euromoney poll of economic projections. In this category, Lebanon also saw a semi-annual improvement of 39.5% to score 9.99 out of 25, mirroring the continuous economic progress in the six months between March and September 2009. Debt indicators account for 10% of the weight and are calculated using the World Bank's total debt stocks to GNP ratio, debt service to exports ratio, and current account balance to GNP ratio. Lebanon's score remained unchanged from 7.95 points in March 2009, yet improving by 98.8% from 4.0 points in March 2008, taking into account the reduction in the country's debt-to-GDP ratio.

Debt in default or rescheduled debt account for 10% of the weight and is based on the ratio of rescheduled debt to debt stocks. Lebanon's performance remained unchanged from several previous surveys, attaining a perfect score in this category, 10 out of 10. Naturally, this is attributed to Lebanon's history of never defaulting on its debt. Credit ratings account for 10% of the weight and represent the nominal values assigned to sovereign ratings from Moody's Investors Service, Standard & Poor's and Fitch Ratings. The country's score improved by 31.7% from 0.63 to 0.83, mirroring an improvement in ratings assigned to Lebanon by the aforementioned agencies. Access to bank finance accounts for 5% of the weight and is calculated from disbursements of private, long-term, unguaranteed loans as a percentage of GNP. Within this category, Lebanon's score remained unchanged at zero. However, its score progressed when it came to access to short-term finance, which accounts for 5% of the weight. The improvement was at 1.0%, leading to a current score of 2.08 out of 5.

When it comes to access to capital markets, which also accounts for 5% of the weight and refers to country's accessibility to international markets as rated by the heads of debt syndicate and loan syndication, a semi-annual improvement of 1.5% was observed, with the country's score reaching 2.79 out of 5. Finally, with respect to discount on forfeiting, which accounts for 5% of the weight, Lebanon score improved by a significant 89.8% to reach 2.43 out of 5, as per the Euromoney study.

Assessment of Country Risk for Lebanon by Category

Category	Weighting	6M Score increase	Sep-09 Score	Mar-09 Score	Sep-08 Score	Mar-08 Score	Sep-07 Score
Political Risk	25.00	35.4%	13.45	9.93	6.71	7.41	7.45
Economic Performance	25.00	39.5%	9.99	7.16	7.63	5.73	7.15
Debt Indicators	10.00	0.0%	7.95	7.95	4.00	7.21	7.52
Debt in Default or rescheduled	10.00	0.0%	10.00	10.00	10.00	10.00	10.00
Credit Ratings	10.00	31.7%	0.83	0.63	0.63	0.78	0.63
Access to Bank Finance	5.00	0.0%	0.00	0.00	0.00	0.00	0.36
Access to Short-term Finance	5.00	1.0%	2.08	2.06	1.96	1.73	1.60
Access to Capital Markets	5.00	1.5%	2.79	2.75	2.40	2.48	2.54
Discount on Forfeiting	5.00	89.8%	2.43	1.28	1.83	1.68	1.71
Total	1.00	18.7%	49.52	41.73	35.15	37.03	38.95
Global rank			80	102	134	127	116

Sources: Euromoney, Bank Audi's Research Department

► CORPORATE NEWS

Venus Real Estate Development Co. launches US\$ 500 million residential project

Venus Real Estate Development Co. recently launched a residential project in the Beirut Central District, "Venus Towers", valued at around US\$ 500 million.

The project stretches over a surface of 7,510 square meters in the region of Marina, Solidere, i.e. at the heart of the capital city. "Venus Towers" consists of three luxurious residential buildings. Block A rises up to 30 floors with one apartment per floor while Block B goes up to 26 floors and two apartments per floor, and Block C stretches over 20 floors with four apartments per floor. In total, Venus Towers comprises of 162 luxurious residential apartments, which surface varies between 250 and 650 square meters.

Established in 2008, Venus Real Estate Development Co. is specialized in the development of large scale residential and retail projects.

Balance sheet of financial institutions grows by a yearly 7.3% to US\$ 848.7 million at end-July 2009

Central Bank statistics show that the consolidated balance sheet of financial institutions in Lebanon reached LP 1,279.4 billion, or US\$ 848.7 million, at end-July 2009, up by 7.3% from US\$ 790.9 million at end-July 2008. Liabilities to the private sector decreased by 1.3%, from US\$ 153.6 million at end-July 2008 to US\$ 151.6 million at end-July 2009. On the other hand, liabilities to the financial sector increased by 5.8%, from US\$ 340.8 million at end-July 2008 to US\$ 360.6 million at end-July 2009.

On the assets' side, financial institutions' cash and banks item reached US\$ 266.6 million at end-July 2009, up by 17.3% from US\$ 227.3 million at end-July 2008. Claims on the private sector amounted to US\$ 425.1 million at end-July 2009, up by 1.6% from US\$ 418.6 million a year earlier. Claims on the public sector stood at US\$ 126.3 million,

showing an increase of 10.5% from US\$ 114.3 million at end-July 2008. Further, the aggregate equity capital of financial institutions reached US\$ 246.5 million, growing by 13.3% from US\$ 217.5 million a year earlier.

FNB posts net profits of US\$ 8.8 million in 2008

First National Bank's financials for 2008 show that net profits reached US\$ 8.8 million, up by 26.0% from US\$ 7.0 million in 2007. Non-interest income reached US\$ 7.8 million in 2008, up by 17.3% from US\$ 6.7 million in 2007.

Net operating income stood at US\$ 31.5 million in 2008, up by 22.2% from US\$ 25.8 million in 2007. Total operating expenses amounted to US\$ 21.9 million, up by 16.0% from US\$ 18.9 million in 2007, of which staff expenses equaled US\$ 11.2 million, up by 13.0% and other operating expenses equaled US\$ 8.7 million, up by 22.3%.

Total assets stood at US\$ 1.7 billion at year-end 2008, up by 10.3% from US\$ 1.5 billion at year-end 2007. Customer deposits reached US\$ 1.2 billion at year-end 2008, up by 13.2% from US\$ 1.1 billion at year-end 2007. Loans and advances to customers totaled US\$ 375.6 million, up by 9.5% from US\$ 343.1 million at year-end 2007.

Shareholders' equity increased by 12.8% in 2008 to reach US\$ 104.4 million. As at year-end 2008, FNB operated 18 branches which along with the Head Office encompassed 364 employees.

Uniceramic declares bankruptcy after US\$ 10 million in accumulated losses

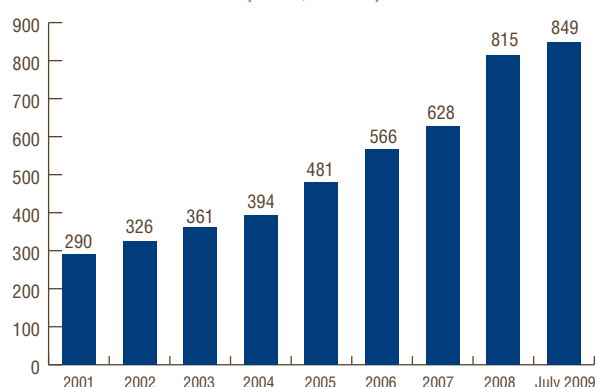
Uniceramic, Lebanon's largest ceramics factory, declared its bankruptcy on September 17, 2009 after having incurred US\$ 10.2 million in accumulated losses and failing to find a way of funding its liquidity shortage.

Uniceramic shut down operations and laid off the bulk of its staff last year, due to high manufacturing costs and fierce competition from abroad. It was forced to close all its industrial plants in the Bekaa valley as financial losses continued to mount.

After the bankruptcy announcement, the Beirut Stock Exchange (BSE) suspended trading and pricing in Uniceramic's shares listed on the junior market as of September 18 until further notice.

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Consolidated Balance Sheet of Financial Institutions
(in US\$ million)



Sources: Central Bank of Lebanon, Bank Audi's Research Department

► CAPITAL MARKETS

Money Market: Regular mood governs

The overnight rate remained stable during this week at its low official level of 3.25% set by the Central Bank of Lebanon, in view of the continuous conversions in favor of the Lebanese Pound on the foreign exchange market, and the resulting overabundance of the local currency liquidity on the money market; another factor contributed to bolster the LP liquidity at hand, which is the Central Bank's decision to allow commercial banks to subscribe in 30% only of their accepted bids on the Treasury bills primary market.

As to short-term Certificates of Deposits, commercial banks placed this week LP 60 billion in the 60-day category. Accordingly, total subscriptions amounted to LP 467 billion since the beginning of the year 2009, and they were distributed as follows: LP 141 billion in the 45-day category, and LP 506 billion in the 60-day category.

On the monetary aggregates level, figures for the week ending 10th of September 2009 show an increase of LP 185 billion in local currency deposits, as a result of a LP 241 billion growth in LP time deposits and a LP 56 billion decrease in LP demand deposits. In parallel, deposits in foreign currencies progressed by US\$ 230 million. These variations compare to an average weekly increase of LP 264 billion for LP deposits since the beginning of the year 2009, and an average rise of US\$ 73 million in foreign currency deposits. Within this context, LP money supply (M2) expanded by LP 149 billion, versus an average weekly increase of LP 271 billion since the beginning of the year 2009. Total money supply in its large sense (M4) widened by LP 425 billion week-on-week, compared to an average weekly increase of LP 409 billion since year-end 2008.

On a cumulative basis, since the beginning of the year 2009, money supply in its large sense (M4) expanded by LP 14,638 billion. This is the result of an important surge in local currency denominated time deposits of LP 9,340 billion, an increase in foreign currency deposits of LP 4,205 billion (US\$ 2,789 million), a rise in money supply (M1) of LP 195 billion, and a growth in Treasury bills held by the public of LP 898 billion.

Interest rates	25/09/09	18/09/09	26/12/08
Overnight rate	3.25%	3.50%	3.50% ↔
7 days rate	3.36%	4.50%	4.50% ↔
1 month rate	3.79%	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: Weighted average yield of 9.07% at end-July 2009

The preliminary results of this week's auction (September 24, 2009) show that the average yields on the one-year, two-year and three-year categories went down by two to eight basis points. The Central Bank of Lebanon allowed commercial banks to subscribe in 30% of accepted bids this week. Within this context, commercial banks showed interest in channeling their LP liquidity towards the secondary Tbs market, however the offer remained shy.

On the other hand, the Central Bank of Lebanon released this week the auction results for value date September 17, 2009 which showed that total subscriptions amounted to LP 193 billion, and were distributed as follows: LP 46 billion in the three-month category, LP 76 billion in the six-month category and LP 71 billion in the five-year category. This compared to maturities of LP 24 billion, resulting in a nominal surplus of LP 169 billion. The yield on the three-year category retreated slightly by one basis point to 4.87%, while the yield on the six-month category dropped by seven basis points to 6.16% and the yield on the five-year category tumbled by ten basis points to reach 8.28%.

Within this context, the latest monthly report released by the Association of Banks in Lebanon showed that the weighted average yield on Treasury bills reached 9.07% at end-July 2009, down by four basis points relative to the previous month and down by 10 basis points since year-end 2008. In addition, the total Tbs portfolio amounted to LP 38,847 billion in July 2009, up by LP 1,037 billion relative to the previous month and up by LP 1,203 billion since year-end 2008. The impressive monthly increase in Tbs portfolio in July 2009 is mainly attributed to the high level of subscriptions during the said month, namely in three-year category, as compared to much lower maturities; Added to this is the decision made by the Ministry of Finance to resume the

Treasury bills	25/09/09	18/09/09	26/12/08
3-month	4.87%	4.87%	5.10% ↔
6-month	6.16%	6.16%	7.10% ↔
1-year	6.34%	6.36%	7.58% ↓
2-year	6.98%	7.06%	8.26% ↓
3-year	7.64%	7.70%	9.00% ↓
5-year	8.28%	8.28%	- ↔
Nom. Subs. (LP billion)		193	242
Short-term (3&6 mths)		122	80
Medium-term (1&2 yrs)		-	13
Long-term (3 yrs)		-	149
Long-term (5 yrs)		71	
Maturities		24	157
Nom. Surplus/Deficit		169	85

issuance of the high-yielding five-year Tbs, following an agreement with the Central Bank of Lebanon that dictated the suspension of issuance of the five-year CDs in June 2009.

Foreign Exchange Market: BDL's foreign reserves at US\$ 23.0 billion mid-September

The foreign exchange market continued to witness FC-to-LP conversions, yet in lower volumes relative to the previous week. The Central Bank intervened as a buyer of the green currency surpluses at the lower end of its intervention bracket (LP 1,501) for two days out of four working days this week. In parallel, commercial banks traded the US Dollar at a range hovering between LP 1,501 and LP 1,501.25.

Due to this continuous trend of conversions in favor of the Lebanese Pound, the Central Bank's foreign reserves surged by US\$ 6 billion since year-end 2008 to reach US\$ 23.0 billion mid-September 2009. This resulted in an increase in the foreign reserves coverage ratio to LP money supply from 68.9% at end-2008 to 74.1% mid-September 2009.

Exchange rates	25/09/09	18/09/09	26/12/08
LP/US\$	1,507.5	1,507.5	1,507.5 ↔
LP/£	2,415.47	2,464.46	2,221.60 ↑
LP/¥	16.66	16.54	16.66 ↓
LP/SF	1,465.01	1,459.48	1,401.80 ↓
LP/Can\$	1,380.37	1,402.98	1,236.37 ↑
LP/Euro	2,214.37	2,213.01	2,120.00 ↓

Stock Market: Hopes regarding the cabinet formation drive prices up

The Beirut Stock Exchange revived during this week, as some optimistic signals regarding the cabinet formation disseminated in the market. Within this context, the price index rose by 3.1% week-on-week to close at 136.63, registering the highest weekly growth since end-June 2009. The

Audi Indices for BSE	25/09/09	18/09/09	26/12/08
<i>22/1/96=100</i>			
Market Cap. Index	470.63	456.56	392.07 ↑
Trading Vol. Index	261.61	130.82	50.43 ↑
Price Index	136.63	132.54	113.40 ↑
Change %	3.09%	2.20%	-1.71% ↑
Market Cap. \$m	11,165	10,831	9,301 ↑
No. of shares traded	1,602,416	890,849	372,788 ↑
Value Traded \$000	24,454	15,255	4,550 ↑
o.w. : Solidere	10,224	7,762	3,182 ↑
Banks	14,230	7,464	1,329 ↑
Others	0	29	39 ↓

total trading value amounted to US\$ 24.5 million this week versus US\$ 15.2 million last week. The average daily trading value rose from US\$ 3.1 million last week to US\$ 6.1 million this week, which resulted in a 100.0% surge in the trading volume index doubled to close at 261.61.

In details, Solidere shares captured 41.8% of activity this week. Solidere "A" share price jumped by 7.8% to close at US\$ 24.98, and Solidere "B" share price rose by an impressive 6.8% to reach US\$ 24.88. As to the banking stocks, they accounted for 58.2% of the total trading value. Bank Audi's GDR price rose by 1.6% to close at US\$ 74.15, and the same bank's "listed" shares increased by 1.5% to reach US\$ 64.95. BLOM's GDR price moved up by 1.2% to close at US\$ 85.00, and BLOM's "listed" shares climbed by 3.8% to US\$ 81.00. Likewise, Byblos Bank's "listed" share's price gained 4.8% to reach US\$ 1.76, while its "priority shares" declined by 1.1% to reach US\$ 1.81. Among the industrial and investment shares, none of the shares were traded.

All in all, the BSE performed better than other emerging stock markets, as reflected by a 1.2% decrease in the Morgan Stanley Capital International Emerging Market Free Index (MSCI EM). Likewise, the BSE outperformed other Arabian markets, as reflected by a 0.5% rise in the Morgan Stanley Capital International Arabian markets Index (MSCI Arabian Markets).

Bond Market: Continuous demand with shy offer

The Eurobond market was marked this week by a continuous local and foreign demand, especially for the long-term maturities, while the offer remained shy. Bond prices did not change week-on-week, as reflected by a stable average yield at 5.81%. The average spread stood at 356 basis points, due to stability in both Lebanese and benchmark yields. For instance, the average yield on the five-year US Treasury bills stood at 2.37% this week.

Similarly, bond prices remained unchanged in other emerging markets, as reflected by a stable average yield at 5.61%, while the average spread widened by a tiny two basis points to reach 374 basis points.

Eurobonds Indicators	25/09/09	18/09/09	26/12/08
Total tradable size \$m	17,515	17,517	17,173 ↓
o.w.: Sovereign bonds	16,945	16,947	16,603 ↓
Average Yield	5.81%	5.81%	8.88% ↔
Average Spread	356	356	755 ↔
Average Life	4.53	4.55	4.65 ↓
Yield on US 5-year note	2.37%	2.37%	1.32% ↔

Week
39
Sep 21 - Sep 27
2009

ARAB STOCK MARKETS INDICES:

	25-Sep-09	16-Sep-09	31-Dec-08	Weekly change	End-year-to-date change
Beirut stock market	136.6	129.9	113.6	5.2%	20.3%
Abu Dhabi securities market	n.a.	65.72	47.0	n.a.	n.a.
Amman stock exchange	n.a.	309.08	340.3	n.a.	n.a.
Bahrain stock exchange	n.a.	135.11	156.5	n.a.	n.a.
Casablanca stock exchange	n.a.	228.48	224.5	n.a.	n.a.
Doha securities market	n.a.	140.94	142.7	n.a.	n.a.
Dubai financial market	n.a.	36.97	60.3	n.a.	n.a.
Egypt capital market	n.a.	359.49	240.1	n.a.	n.a.
Kuwait stock market	n.a.	144.11	147.9	n.a.	n.a.
Muscat securities market	n.a.	187.02	157.3	n.a.	n.a.
Saudi stock market	n.a.	141.25	113.2	n.a.	n.a.
Tunis stock exchange	n.a.	146.05	114.8	n.a.	n.a.
AMF composite	n.a.	174.33	156.3	n.a.	n.a.

Source: Arab Monetary Fund

INTERNATIONAL MARKET INDICATORS:

	25-Sep-09	18-Sep-09	31-Dec-08	Weekly change	End-year-to-date change
EXCHANGE RATES					
YEN/\$	90.09	91.28	90.92	-1.3%	-0.9%
\$/£	1.601	1.632	1.4520	-1.9%	10.3%
\$/Euro	1.471	1.471	1.3950	0.0%	5.4%
STOCK INDICES					
DOW JONES INDUSTRIAL AVERAGE	9,665.19	9,820.20	8,776.39	-1.6%	10.1%
S&P 500	1,044.38	1,068.30	903.25	-2.2%	15.6%
NASDAQ	2,090.92	2,132.86	1,577.03	-2.0%	32.6%
CAC 40	3,739.14	3,827.84	3,217.97	-2.3%	16.2%
Xetra Dax	5,581.41	5,703.83	4,810.20	-2.1%	16.0%
FT-SE 100	5,082.20	5,172.90	4,434.20	-1.8%	14.6%
NIKKEI 225	10,265.98	10,370.54	8,859.56	-1.0%	15.9%
COMMODITIES					
GOLD OUNCE	991.35	1006.15	878.20	-1.5%	12.9%
SILVER OUNCE	16.00	16.96	11.30	-5.7%	41.6%
BRENT CRUDE (barrel)	64.57	70.62	39.83	-8.6%	62.1%
LEADING INTEREST RATES (%)					
1-month Libor	0.25	0.25	0.45	0.00	-0.20
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	3.32	3.47	2.22	-0.15	1.10

CONTACTS**Treasury and Capital Markets**

Nabil Chaya (01) 977422 nabil.chaya@banqueaudi.com
Emile Shalala (01) 977622 emile.shalala@banqueaudi.com

Private Banking

Toufic Aouad (01) 329328 toufic.aouad@audisardarpb.com

Corporate Banking

Khalil Debs (01) 977229 khalil.debs@asib.com

Research

Marwan Barakat (01) 977409 marwan.barakat@banqueaudi.com
Jamil Naayem (01) 977406 jamil.naayem@banqueaudi.com
Salma Saad Baba (01) 977346 salma.baba@banqueaudi.com
Rita Daher (01) 977575 rita.daher@banqueaudi.com
Rana Helou (01) 964763 rana.helou@banqueaudi.com
Lea Korkmaz (01) 964904 lea.korkmaz@banqueaudi.com
Fadi Kalso (01) 977470 fadi.kalso@banqueaudi.com