The MENA Weekly Monitor

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2009

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

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EFG Hermes sees limited improvement in GCC economies in 2009 from rising oil prices

Global oil prices have rallied since the beginning of the year, with benchmark crude prices holding above US$ 50 p/b since mid-March. In light of this prospect, EFG Hermes released a report, in which it noted the higher oil revenue will support headline figures in GCC countries, including a lower contraction in nominal GDP and improved fiscal and external positions. However, such an improvement on the real GDP outlook of GCC countries will be moderated by limited production. With continued weak outlook for oil demand and the substantial supply overhang, EFG Hermes only expects to see a moderate increase in GCC production levels.

According to EFG Hermes, the rise in oil prices has been driven by improved sentiment over the global economy and consequently expectations of higher oil demand. The weakening of the US Dollar with the increase in risk appetite has also helped to push up oil prices.

Naturally, any strengthening in the oil price will be positive for the GCC countries, although EFG believes oil exporters will look to ensure that the high price will not negatively affect the global outlook. However, the bank does not expect to see an improvement on economic activity on the ground from previous assumptions as it does not expect to see a change in government spending plans. This is the main way that any oil earnings, including from past years, enter the economy.

Although the oil price has rebounded from the beginning of 2009, it will still be markedly down from 2008 levels resulting in the continued sharp contraction in the nominal GDP. There will be a lesser drop in nominal GDP with the higher oil price, but nominal GDP will still contract by more than 20% from 2008 levels.

According to EFG, there will be limited change to its previous macroeconomic outlook if oil averages US$ 55 p/b. At this level, it does not forecast to see a change in its oil production assumptions for the GCC countries. It had already assumed lower production cuts than set by OPEC, with the exception of Saudi Arabia which has had deeper cuts. With no marked change to its production estimates, EFG Hermes indicated in the report that it would maintain its real GDP growth forecasts for 2009 at previous levels.

On the fiscal side, the report highlighted that government spending remains key. EFG Hermes does not expect to see an improvement in economic activity on the ground from its previous assumptions as it does not expect to see a change in government spending plans. On the whole, government spending plans remain strongly expansionary regardless of the fiscal outcome. In its earlier research, EFG Hermes had already highlighted that economic activity on the ground will remain relatively solid and the region will see some of the strongest growth globally.

Nonetheless, the report concluded that a sustained rise in oil prices will improve both regional and international sentiment towards the GCC region and result in an improvement in economic figures. EFG Hermes believes the main benefit of the improvement in sentiment will mostly be felt in 2010. Higher oil prices and expectation of further increases in 2010 will support government spending remaining expansionary in 2010 and going forward.

Sentiment will further improve with a marked improvement is macroeconomic figures in 2010 as oil production increases resulting in positive real GDP growth. With any improvement in the global economy there should be renewed interest from investors, resulting in greater FDI flows and providing greater funding opportunities as credit markets loosen. This will especially be the case for projects linked to government sponsored programs or the hydrocarbon sector. A rebound in private consumption is also expected after a deceleration in 2009.

GCC macroeconomic outlook 2009

	Saudi Arabia	UAE	Qatar	Kuwait	Oman	Bahrain
Nominal GDP (US$ billion)	327.5	190.7	112.6	103.1	49.3	19.3
Real GDP growth (%)	-1.4	-2.2	9.0	-3.6	6.7	3.3
Average annual inflation (%)	4.8	-2.4	13.0	5.8	9.0	3.2
Current account balance (% of GDP)	-9.1	6.0	5.3	11.4	-8.5	-6.9
Fiscal balance (%of GDP)	-4.8	4.0	6.4	8.4	-5.8	-7.8
Growth in broad money (%)	16.0	13.4	38.6	17.8	27.6	24.0
growth in private sector credit (%)	175.0	12.0	35.2	10.0	44.2	35.0

Sources: EFG Hermes, IMF, Regional Central Banks, Bank Audi's Research Department

Saudi Arabia's business confidence continues to decline but at a slower pace

Saudi Arabia's business confidence fell to 88.3 in the second quarter from 89.2 in the first quarter, a report from the Saudi British Bank showed last week. However, the pace of decline is slowing, it said. The bank said business confidence is very much predicated on the government's ability to continue providing credible evidence that the money is being spent. So far, signals from the government have included contractors being paid on time, and 20-30% advance payments becoming the norm since Q1 for those who work on government- related projects.

The government has doubled its spending during the past year (in terms of the value of projects approved by the Ministry of Finance) from around SR20 billion to SR40.6

billion. This spending is a necessity as the private sector is largely frozen and considers expansion only with caution. Around 51% of respondents expect businesses to grow over the next two quarters.

52% expect oil prices to stay in the US$ 50 per barrel range, while only 15% expect them to rise above US $60 per barrel. The survey also found that businesses see inflation to fall further, which is helping increase confidence in the overall economy. The report said inflation will come down more substantially than the consensus view suggests. Inflation data shows that prices have been coming down by nearly 1% each month since January, and it forecasts average inflation of 5.2% for 2009.

Further, businesses forecast bank lending to remain anemic with 48% predicting "severe" conditions. Government spending has offset the gap in investment from the private sector which, from Q4 till now, is estimated to have postponed or cancelled SR55 billion worth of projects. The latest data released by SAMA shows that bank lending to the private sector again contracted month-on-month in April. The fall is modest (-0.23%) but it is the fourth month since December 2008 (excepting February 2009) in which lending to the private sector has declined. As a result, such lending has fallen by more than 2% since its peak in November 2008 at SR723.2 billion to reach SR703.6 billion in April.

Meanwhile, most companies are viewing the local stock market as their preferred investment outlet. Further, the report said most companies continue to have a hiring freeze. Nonetheless, the report said there is no doubt that, at the macro level; Saudi Arabia is on a very healthy trajectory against those who were basing their macroeconomic outlook simply on a real GDP contraction, erroneously placing Saudi Arabia on par with the contracting world. Although the Kingdom's economy will witness a slowdown in both oil and non-oil, but the macro picture looks sounder than in most other economies.

UAE banking sector displays signs of recovery

The UAE banking sector is showing signs of improvements as the loan to deposit ratio shrank in April, according to the figures published by the UAE Central Bank, evidence that banks are giving fewer loans and people are happy keeping their money safe in deposits.

In quantity, the difference between loans and deposits has narrowed by almost a third since the beginning of this year, a probable sign that the banks might be more willing to restart the credit flow in the coming months. The loans to deposits gap stood at Dh36.1 billion at end-April compared to Dh90 billion at end-January 2009.

In 2008, the banks lent about Dh110 billion more than their deposit according to Standard Chartered research, thus exceeding the lending criteria of the Central Bank. The total outstanding loans at the end of 2008 stood at Dh 993.7 billion. The UAE regulations do not permit banks from lending over their deposit base. The maximum permitted level is 100% of deposits. In an effort to comply with the regulator's requirements, the local banks have begun aggressive campaign to attract deposits.

According to the Central Bank, banks have raised about Dh39.1 billion in deposits in the first four months of this year. However, during the same period, they have lent only about Dh4 billion. Total outstanding personal loans for individuals and businesses, one of the main drivers of credit growth last year fell 10% from Dh226.4 billion in December 2008 to Dh201.7 billion at end-April, down from a yearly increase of 47% in 2008.

Landmark sees a likely decline in Qatar housing prices

A likely oversupply in Qatar’s real estate market in 2010 would probably depress prices, LandMark property consultancy said this week. The supply deficit will shrink rapidly in the short to medium term, and with the probable contraction of population growth to 2%, the market is likely to be oversupplied by 2010.

Qatar, the world's biggest exporter of liquefied natural gas, will be oversupplied by 10,000 homes in 2012 at a 2 percent annual population growth, the report said, adding that at 5 percent annual population growth, demand and supply will reach an equilibrium. Doha is currently undersupplied by 1,500 homes and 33,000 homes are expected by 2012, said the report.

Ultimately this oversupply is positive, as it will allow for a price correction in a market previously known for chronic undersupply and exponential rent increases. Average freehold sale prices fell between 25 and 30% between the middle of the fourth quarter and the end of the first quarter, it said. Agreed rents in Qatar fell between 5 and 10% in the fourth quarter and by May 2009 villa rents fell another 15 to 20% while apartment rates remained relatively stable. Rents are likely to decrease further, the report said.

New housing supply and the willingness of landlords to accept lower rents to attract tenants and fill vacancies, is putting considerable pressure on rents in Doha. Mortgage lending to expatriates has become increasingly uncommon and carries prohibitive restrictions, the report said, adding loan-to-value ratios and load periods for both locals and expatriates have fallen while minimum salary requirements have risen sharply.

Qatar comes in first in the MENA region in the EIU's business environment ranking

According to a recent survey released by the Economist Intelligence Unit (EIU), Qatar ranked first in the Middle East and North Africa (MENA) region in terms of having a constructive business environment, while Iran ranked last. The MENA remains among the lowest-ranked regions.

However, the gap with other regions is narrowing as other areas of the world feel the adverse effects of the global economic crisis more deeply. Only a few MENA countries are expected to experience an outright recession. In most of these, this will stem purely from lower oil production, as growth is sustained in the non-oil sector of the economy on the back of strong public investment growth. Although the slowdown in GDP growth across the region has had a dampening effect on scores for the categories of economic stability and market opportunities, the scores have fallen by less than in other regions. This means that in these categories the gap between the stronger performers and MENA narrows markedly in the forecast period (2009-13).

Average scores for financing have fallen, as development projects, even in those countries that have had huge fiscal and current-account surpluses in recent years, have been affected by the seizure in international credit markets. However, again this fall has been modest compared with other regions. Middle Eastern governments also remain broadly committed to reforms aimed at enhancing the role of the private sector as part of a strategy of economic diversification. However, progress in implementing these reforms is likely to continue to be slow.

The best overall rankings among the 12 MENA countries included in the model are for the member states of the Gulf Co-operation Council (GCC). The GCC countries saw their rankings climb during the historical period, owing to the rise in oil prices and the increased absorptive capacities of these economies for new investment, by comparison with previous oil booms. Economic stability scores in the GCC have fallen for the forecast period in line with the lower oil price outlook, with the exception of Qatar, where high rates of growth will continue as a result of increased production of liquefied natural gas. However, these scores still remain relatively high by regional and international standards. Opportunities for the private sector in the GCC will be adversely affected by the constraints on financing, which is likely to result in an increase in the role of the state in development projects, after a period in which the private sector's role has expanded considerably.

The tax regime in the GCC will remain positive for business, but elsewhere in the region pressures on budgets may mean that governments will be obliged to increase taxes or delay plans for tax rate reductions. Conversely, some countries, notably Jordan, are considering immediate reductions in tax rates as part of their fiscal stimulus. Egypt, which has risen rapidly up the rankings in the historical period owing to its explicitly business friendly policies, is delaying the introduction of its new property tax as part of a strategy of bolstering consumption and investment during the downturn. Most countries in the Middle East score well in the two categories of policy towards foreign direct investment and foreign trade and exchange controls.

The main exceptions are Algeria, Libya and Iran. Algeria is the only country in the Middle East to have adopted policies aimed against foreign investors in recent years. With the imposition of a new tax on dividends, a ban on majority foreign ownership of projects and preventing foreign investors from owning land. The business environment in Iran has worsened as a result of international sanctions. Conditions in Libya have improved. It has moved off the bottom rung in the regional ranking, with Iran moving down, but from a very low base.

Overall, despite modest falls recorded in the scores for a number of categories, MENA's overall average score rises between the forecast and historical periods, from 5.81 to 6.03. This is because the moderate falls in areas such as economic stability and market opportunities have been offset by significant improvements in certain categories, as governments across the region seek to build on recent improvements in business environments from what is generally a low base, and also try to support economic growth during the downturn. Thus there is an increase in the average scores for categories such as infrastructure, foreign trade and exchange controls, and policy towards private enterprise and competition. Nevertheless, progress in most of these areas will be more modest than in 2004-08.

MENA Business Environment Scores and Rankings

	2004-2008 score (out of ten)	2004-2008 global rank (out of 82)	2009-2013 score (out of ten)	2009-2013 global rank (out of 82)	Change in score	Change in rank
Qatar	7.17	27	7.50	19	0.33	8
UAE	7.20	26	7.15	26	-0.05	0
Bahrain	7.09	29	7.02	29	-0.07	0
Kuwait	6.36	44	6.37	41	0.01	3
Saudi Arabia	5.95	53	6.25	47	0.30	6
Egypt	5.46	60	6.13	49	0.67	11
Jordan	5.84	55	5.99	57	0.15	-2
Tunisia	5.36	64	5.68	61	0.32	3
Morocco	5.00	69	5.24	68	0.24	1
Algeria	4.52	76	4.91	70	0.39	6
Libya	4.41	77	4.59	74	0.18	3
Iran	3.77	81	4.29	80	0.52	1
Regional Average	**5.81**	–	**6.03**	–	**0.22**	–

Sources: EIU, Bank Audi's Research Department

Goldman Sachs upgrades Emirates NBD to "Buy" and National Bank of Abu Dhabi to "Neutral"

Goldman Sachs Global Investment Research released a report on emerging markets' banks, in which it asserted that emerging countries' banks have navigated the global economic downturn relatively well so far, screening banks based on their ability to absorb credit losses and relative balance sheet strength. More particularly, UAE banks are well covered and strongly capitalized, which compensates for large exposures to risky assets. Goldman Sachs upgraded UAE's Emirates NBD to "Buy" from "Neutral" and National Bank of Abu Dhabi from "Sell" to "Neutral".

Goldman Sachs upgraded Emirates NBD from "Neutral" to "Buy" arguing that the stock is trading at 10% discount to its peers in the UAE average based on 2010E tangible book value (30% discount including goodwill) and also 30% based on 2009E earnings. According to Goldman Sachs, although this valuation gap is mainly due to Emirates NBD's relatively weaker capitalization levels vis-à-vis its peers in the UAE, its relatively lower buffer to absorb potential credit losses, its exposure to Dubai, in addition to sub par liquidity levels, it remains unjustifiable.

Looking more closely at banking fundamentals, Goldman Sachs believes that the bank will be in a position to increase its Tier I capitalization level to at least 11% with the announced placement of AED 3.5 billion of perpetual debt notes. While ENBD's credit buffer is lower than the estimate for its peers in the UAE, the bank has the lowest concentration of vulnerable loans (28% excluding retail), which includes the lowest concentration of loans related to real estate and construction. This, combined with a prudent NPL coverage ratio well in excess of 100%, should minimize the potential impact of loan loss provisions going forward, according to Goldman Sachs.

Although there are a few concerns on Dubai real estate, external indicators point at a recovery in global economic dynamics, which should have a positive impact on domestic asset prices. Such dynamics include higher oil price expectations, rising trade flows, and signs of revitalized risk appetite, which in turn could lead to improved levels of liquidity and lower funding costs. According to Goldman Sachs, major key risks to the said price target include a higher-than-expected pressure on property prices in Dubai leading to further asset quality deterioration, potential failure to increase capitalization levels in line with Central Bank guidelines in the short term, and a dramatic reversal in risk appetite leading to higher cost of equity.

Goldman Sachs assigned a 12-month NAV-based price target of AED 5.23, implying a 45% upside potential from the current price of AED 3.61.

Further, Goldman Sachs upgraded National Bank of Abu Dhabi from "Sell" to "Neutral" purely on valuation, as it still commands a significant premium to the UAE banks peer group average both based on earnings and book value, even though the gap has closed significantly in the last two months.

According to Goldman Sachs, National Bank of Abu Dhabi's current valuation premium relative to its peers in the UAE can be mainly justified by superior banking fundamentals and lack of visibility on UAE banking trends. National Bank of Abu Dhabi benefits from strong links to the government of Abu Dhabi, relatively conservative lending and provisioning practices, a simple and liquid balance sheet, and stronger capitalization.

Although they estimate that National Bank of Abu Dhabi can sustain healthy revenue growth of around 10% over the next three years, Goldman Sachs believes that net income could be negatively impacted by elevated cost of risk and relatively higher operating expenses if the bank continues to invest in its franchise. Hence, it is expected that these trends would temporarily put pressure on profitability, which would probably normalize in 2011. Goldman Sachs revised National Bank of Abu Dhabi's NAV-based 12-month price target to AED 11.04, implying an upside potential of 14% from the current price of AED 9.66.

General Electrics Energy signs US$ 500 million contracts to provide services for Bahrain's Al Dur Independent Water and Power Project

US-based General Electrics (GE) Energy, one of the world's leading suppliers of power generation and energy delivery technologies, signed US$ 500 million contracts to supply advanced power generation equipment and long-term services for the Al Dur Independent Water and Power Project, the largest power plant in Bahrain. GE Energy is supplying two steam turbines and four heavy-duty Frame 9FA gas turbines, which are equipped with GE advanced emission control technologies. Further, GE has signed a 20-year contractual service agreement (CSA) contract for the project, which will support the long-term operability and performance of the turbines.

When completed, the plant is expected to provide 1,250 megawatts of power, which would account for 30% of Bahrain's existing electricity grid output, as well as 48 million imperial gallons of desalinated water per day. The Kingdom of Bahrain's Electricity and Water Authority is planning additional capacity expansions over the next 20 years to support the country's reported power demand growth rate at 7-10% per year.

CAPITAL MARKETS

Arabian markets down by 0.3% week-on-week

Arab equity markets edged down by 0.3% this week, while the global equity markets rose by a tiny 1.1%, according to MSCI data. The decline in the Arabian markets was mainly driven by corrections after the recent strong gains, the lull summer mood, and investors' interest in repositioning their portfolios ahead of the second quarter results. But in general, sentiment remained positive given an oil price hitting a seven-month high.

The Beirut Stock Exchange was the best performer in the region this week, up by 8.9%, its highest weekly growth since the outbreak of the global financial turmoil. In fact, investors hustled to the Beirut bourse the week after the parliamentary elections. Solidere shares, the most liquid shares in the market, rose by 18% week-on-week, while the banking shares reported weekly increases that ranged between 3% and 15%. Overall, the BSE reported a year-to-date change of +13.7%.

In the UAE, the equity markets ended 2.3% higher this week, on the back of increasing foreign fund inflows, and given an oil rally after signs of improving global economic conditions. Volumes remained strong and interest remained high this week. The UAE equity markets trade at a discount relative to GCC peers, according to Rasmala Investment, and it is expected to see further market appreciation given improved investor sentiment. Arabtec Holding was among the top risers this week. Its share price progressed by 2.3% on news that its Saudi unit won a SAR 2 billion contract to build the Lamar Towers project in Jeddah. Another favorable news contributed to diffusing positive mood among investors, when Deutsche Bank reinstated coverage of Emaar Properties, one of the world's leading real estate developers, with a buy rating; Emaar valuation is seen attractive at price/revised net asset value of 0.51 times, according to the same source. It is worth noting that the UAE markets were among the Gulf's best performers this year, as reflected by a significant year-to-date change of +39.5%.

In Kuwait, the Kuwait Securities Exchange went up by 0.5% week-on-week, as a bout of buying helped the market to close in the black with banking stocks among the top risers. Investors booked some of the recent gains this week, but the rally in oil prices helped to limit losses as overall sentiment remains positive. The market is expected to continue to trade sideways with investors finding value after recent gains. On the other hand, the parliament is expected to push for the economic stimulus and that may have helped the market to recover. The KSE is up by 9.4% since the beginning of the year. On the other hand, it is worth mentioning that earlier this week, Moody's, the international rating agency, placed Kuwait's sovereign ratings outlook on negative, citing discord between the government and the parliament. The impact of this on the equity market is still to be seen.

In Qatar, the Doha Stock Market remained stable this week, moving up by a tiny 0.1%. Investors cashed some profits this week after recent gains, and banks and industrials led the decline. The market moved up by 64% since early March when the government announced its plan to support the local financial sector, yet it reported a year-to-date change of 3.7%.

In Bahrain, the BSE fell by 4.0%, undermined by profit taking in banking stocks. Ahli Bank tops the losers list. The market has added 66% since early March on the back of government initiatives to boost the economy, yet it reported a

CAPITAL 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	129.1	8.9%	13.7%	98.8	382.0%	4.6	10,547.2	48.7%	10.9	1.37
Jordan	168.8	-3.5%	3.9%	276.3	-36.0%	95.6	36,722.8	39.1%	14.7	2.19
Egypt	741.7	-0.8%	25.4%	1,473.7	-19.3%	985.8	75,415.8	101.6%	9.3	1.89
Saudi Arabia	369.5	-1.2%	26.8%	9,404.8	-18.9%	1,552.5	305,844.6	159.9%	13.9	2.08
Qatar	631.0	0.1%	3.7%	809.8	-43.3%	98.0	81,957.7	51.4%	11.1	2.30
UAE	239.7	2.3%	39.5%	2,968.1	-23.7%	7,575.8	136,868.0	112.8%	9.2	1.23
Oman	741.6	-1.0%	5.9%	195.3	4.4%	170.9	15,629.7	65.0%	9.6	1.73
Bahrain	446.8	-4.0%	-13.6%	8.7	12.8%	15.2	17,701.9	2.6%	7.9	1.21
Kuwait	678.9	0.5%	9.4%	3,331.4	-22.8%	3,795.3	112,933.7	153.4%	13.9	1.68
Morocco	463.2	-0.4%	2.1%	122.3	-7.1%	4.1	65,704.0	9.7%	17.9	3.78
Tunisia	1,092.2	-0.9%	19.5%	-	-	4.8	7,312.5	-	-	-
Arabian Markets	**480.1**	**-0.3%**	**19.6%**	**18,689.3**	**-21.6%**	**14,297.7**	**859,325.4**	**113.1%**	**12.0**	**1.84**

Values in US$ million; volumes in millions

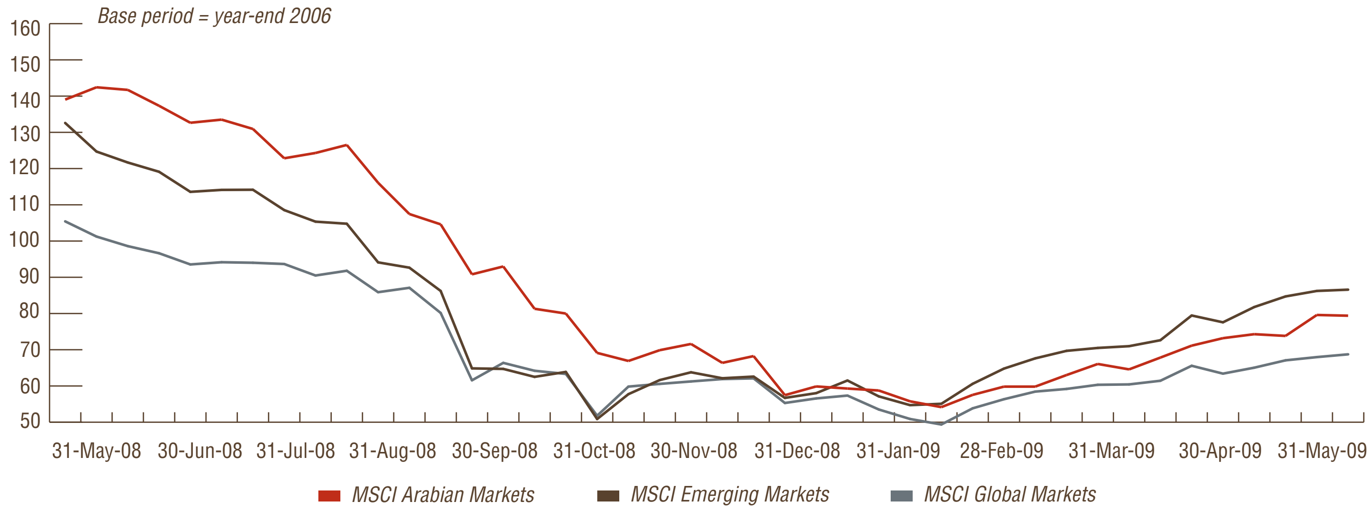
Sources: MSCI Barra, Zawya Investor, Bank Audi's Research Department

NB: Tunisia's figures are not all available yet, and have therefore been excluded from aggregate Arabian Markets figures year-to-date change of -13.6%.

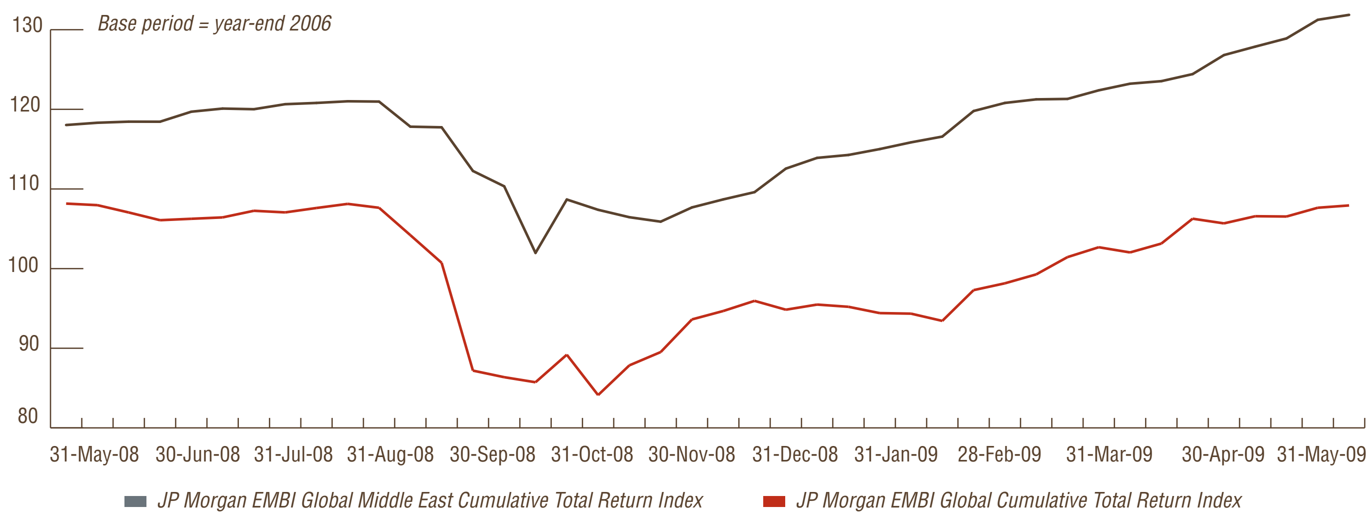
Elsewhere in the Gulf, the Saudi stock exchange or Tadawul, moved down by 1.2% this week, led by telecommunication and banking stocks, as the market tracked world markets corrections. Despite this week-on-week decline, sentiment remained positive backed by crude oil futures climbing back above US$ 70. In fact, as Saudi companies have already reported first-quarter results and no major corporate announcements are expected this month, the Saudi market's performance shall remain correlated with oil. Overall, the Saudi market reported a year-to-date increase of 26.8%, leading most Gulf markets higher on the back of an oil rally. It is worth underscoring that international investors have played a growing role in the rebound, signifying their renewed appetite for the region. On the other hand, Saudi Arabia's Capital Market Authority, or CMA, said it has approved creation of a securities market in the country for trading in conventional bonds and in Islamic bonds known as sukuk. Within this context, the Tadawul said it will launch the planned bonds and sukuk very soon, and trading will be allowed through brokerage firms operating in the market.

Finally, there are concerns that valuations in the GCC region may have run ahead of fundamentals, and it is expected to see a pullback or consolidation after the recent strong gains, though buoyant oil prices continue to support broader market movements. On the other hand, it is worth mentioning that Standard Chartered Bank stated that any attempt to use stock exchanges as a proxy for the region's economic dynamics should be approached with caution. In fact, all equity markets, with exception of the Saudi market, are fairly small and highly volatile markets that are concentrated among a few market makers.

Equity Markets Performance: Arab Markets v/s Benchmarks



Fixed Income Markets Performance: Arab Markets v/s Benchmarks



SOVEREIGN RATINGS

	Standard & Poor's	Moody's	Fitch	EIU
LEVANT				
Lebanon	B-/Stable/C	B2/Stable	B-/Stable/B	CCC/Stable
Syria	NR	NR	NR	CCC/Stable
Jordan	BB/Stable/B	Ba2/Stable	NR	CCC/Stable
Egypt	BB+/Stable/B	Ba1/Negative	BB+/Stable/B	BB/Stable
Iraq	NR	NR	NR	CC/Stable
GULF				
Saudi Arabia	AA-/Stable/A-1+	A1/Positive	AA-/Stable/F1+	BBB/Stable
UAE	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+	BBB/Stable
Qatar	AA-/Stable/A-1+	Aa2/Stable	NR	A/Stable
Kuwait	AA-/Stable/A-1+	Aa2/RUR-	AA/Stable/F1+	A/Stable
Bahrain	A/Stable/A-1	A2/Negative	A/Stable/F1	BBB/Stable
Oman	A/Stable/A-1	A2/Stable	NR	A/Stable
Yemen	NR	NR	NR	CCC/Stable
NORTH AFRICA				
Algeria	NR	NR	NR	BBB/Stable
Morocco	BB+/Stable/B	Ba1/Stable	BBB-/Stable/F3	BB/Negative
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

	12-Jun-09	05-Jun-09	Dec-08	Weekly Change	Year-to-date
US Prime Rate	3.25%	3.25%	3.25%	0.00%	0.00%
3-M Libor	0.62%	0.63%	1.43%	-0.01%	-0.80%
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%

FX RATES (per US$)

	12-Jun-09	05-Jun-09	Dec-08	Weekly Change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,498.00	1,499.00	1,507.50	-0.1%	-0.6%
Syrian Pound (SYP)	47.10	47.10	46.45	0.0%	1.4%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.1%	0.1%
Egyptian Pound (EGP)	5.61	5.60	5.49	0.2%	2.1%
Iraqi Dinar (IQD)	1,155.00	1,155.05	1,155.00	0.0%	0.0%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.1%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.29	0.29	0.28	0.0%	4.3%
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)	199.75	199.75	199.55	0.0%	0.1%
NORTH AFRICA					
Algerian Dinar (DZD)	72.29	72.79	69.44	-0.7%	4.1%
Moroccan Dirham (MAD)	8.04	8.06	8.01	-0.3%	0.3%
Tunisian Dinar (TND)	1.35	1.36	1.31	-0.3%	3.4%
Libyan Dinar (LYD)	1.26	1.24	1.24	1.6%	1.0%
Sudanese Pound (SDG)	2.36	2.37	2.20	-0.4%	7.3%

COMMODITIES (in US$)

	12-Jun-09	05-Jun-09	Dec-08	Weekly Change	Year-to-date
Crude oil barrel (Brent)	71.0	67.6	39.8	5.0%	78.3%
Gold ounce	937.9	955.3	878.2	-1.8%	6.8%
Silver ounce	14.8	15.2	11.3	-3.0%	30.9%
Platinum ounce	1,249.0	1,262.0	924.5	-1.0%	35.1%

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