

# WEEKLY MARKET WATCH

*Issue No. 207*  
*May 11<sup>th</sup> 2009 – May 18<sup>th</sup> 2009*

Credit Libanais SAL 

Research Unit

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**Beirut Port Activity through April 2009**

The Beirut port freight activity witnessed a timid 1.10% expansion on an annual basis to 1.978 million tons through April 2009.

**Beirut Airport Activity through April 2009**

The Beirut International Airport (BIA) sustained its dynamic activity through April 2009, with a 21.38% annual growth in the number of passengers to 1,278,411, including transit travelers.

**Moody's Outlook on Lebanon**

Moody's Investors Service, the international rating agency, upgraded in its latest rating update dated May 11, 2009 Lebanon's Sovereign "government bond" rating to "B2" with "stable" outlook.

**The Abu Dhabi Stock Exchange**

On a weekly basis, the Abu Dhabi General Index reversed momentum, closing 1.11% down at 2,590.66.

**Consumer Sentiment in May 2009**

The University of Michigan consumer sentiment index rose by 4.30% in May 2009 to 67.9, up from 65.1 in April, posting its highest reading since the onset of the global financial crisis.

## SYNOPSIS OF TERMS

"BDL"	Banque Du Liban
"ABL"	Association of Banks in Lebanon
"MOF"	The Lebanese Ministry of Finance
"BOP"	Balance of Payment
"IMF"	The International Monetary Fund
"Moody's"	Moody's Investors Service
"BSE"	Beirut Stock Exchange
"GDRs"	Global Depository Receipts
"M1"	Currency in Circulation + Demand Deposits in LBP
"M2"	M1 + Other Deposits in LBP
"M3"	M2 + Deposits in Foreign Currencies
"M4"	M3+ Treasury Bills Held By Non Banking System, Including Accrued Interests
"CPI"	Consumer Price Index
"PPI"	Producer Price Index
"CLASI"	Credit Libanais Aggregate Stock Index
"CLFI"	Credit Libanais Financial Sector Stock Index
"CLCI"	Credit Libanais Construction Sector Stock Index
"P/E"	Price to Earnings Multiple
"P/BV"	Price to Book Multiple
"YTD"	Year To Date
"YTD Price Performance"	Yield to Date Price Appreciation
"Forex"	Foreign Exchange
"LBP"	The Lebanese Pound
"USD"	The United States Dollar
"Yen"	The Japanese Yen
"GBP"	The British Pound/ Sterling Pound
"CHF"	The Swiss Franc

**SYNOPSIS OF TERMS**

"Y-O-Y"	Year-On-Year
"GDP"	Gross Domestic Product
"MENA"	Middle East and North Africa
"FOMC"	Federal Open Market Committee

### Budget Deficit In the First Quarter of 2009

On the Public Finance Front, Lebanon's fiscal deficit (budgetary & treasury) widened to \$1.14 billion up to March 2009 from \$591.7 million in the same period last year. The primary account fell to register a deficit of \$199 million compared to a surplus of \$256.05 million in the first quarter of 2008. Government revenues rose markedly by 14.36% to \$1.88 billion, counterbalanced by a larger 35.07% increase in government expenditures (including debt service) to \$3.01 billion. The increase in expenditures was mainly attributed to a sizeable 110.49% increase in spending on Eléctricité Du Liban "EDL" to \$719.61 billion in comparison with a smaller \$341.88 billion during the same period in 2008. Consequently, the deficit to total expenditures' ratio advanced to 37.78% during the first quarter of 2009 up from 26.51% a year earlier.

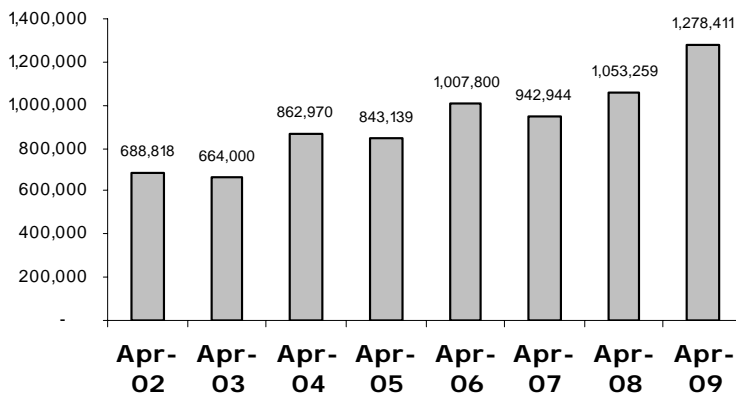
Public Finance (LBP Billion)	For the Three-Month Period Ending		YOY
	March 2008	March 2009	% Change
Revenues	2,473	2,828	14.36%
Expenditures (including debt servicing)	3,365	4,545	35.07%
Debt Servicing	1,277	1,417	10.96%
<b>Budget Deficit</b>	<b>(892)</b>	<b>(1,717)</b>	<b>92.49%</b>
<b>Deficit / Total Expenditures</b>	<b>26.51%</b>	<b>37.78%</b>	

Source: the Lebanese Ministry of Finance

### Beirut Airport Activity through April 2009

The Beirut International Airport (BIA) prolonged its dynamic activity, registering a 21.38% annual increase in the number of passengers to 1,278,411 as at end of April, including transit travelers. The number of arriving passengers rose by 25.56% to 619,007 with the number of departing travelers expanding by 19.61% to 648,123 passengers. For the month of April alone, the total number of passengers grew by a staggering 35.10% to 392,556. Concurrently, the total number of commercial flights aggregated to 26,176 flights through April 2009 whereas the number of private flights firmed at 4,326.

BIA Total Passengers

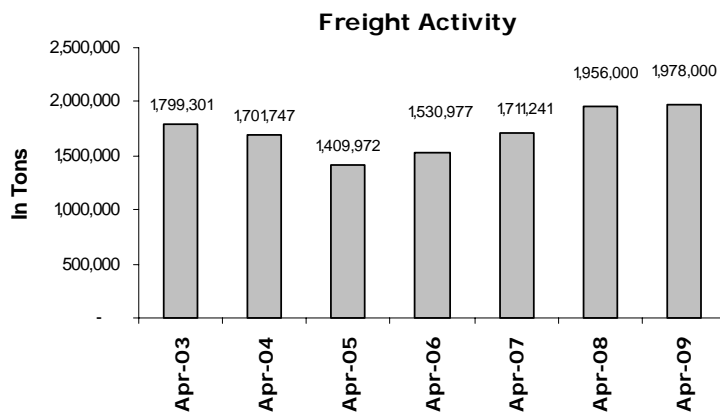


### Beirut Port Activity through April 2009

The Beirut port freight activity witnessed a timid 1.10% annual expansion to 1.978 million tons through April 2009. During the month of April alone, freight activity, however, fell to 470,000 tons in comparison with 531,000 tons in April 2008. The number of vessels rose sharply by 14.96% to 799 up from 695 vessels in the same period in 2008. During the month of April alone, the number of vessels rose by 19.05% to 200 vessels. In this perspective, Beirut port revenues burgeoned by 34.21% to \$51 million by April 2009, up from \$38 million a year earlier. This is further illustrated in the following table:

Indicators	For The Four-Month Period Ending		YOY % Change
	Apr-08	Apr-09	
Freight Activity(000 Tons)	1,956	1,978	1.10%
Number of Vessels	695	799	14.96%
Number of Imported Cars	19,449	32,463	66.91%
Number of Containers	280,653	319,646	13.89%
<b>Revenues( \$Million)</b>	38.00	51.00	34.21%

Source: Beirut Port



### BDL Promulgates Three Circulars in an Attempt to Stimulate Lending

According to the Lebanese press, the Lebanese Central Bank Governor issued recently three circulars pertaining to companies eligible to benefit from subsidized loans in an endeavor to stimulate lending activity. The first intermediary circular, which was issued to banks and financial institutions, came as an amendment to basic circular number 7743 and expands the array of private sector companies benefiting from the interest rate subsidy program to include private companies operating in the agriculture, tourism, industry, handicrafts and information technology sectors. The circular also stipulates the reduction of reserve requirements by banks by 60% of the value of LBP denominated loans.

### Moody's Outlook on Lebanon

Moody's Investors Service, the international rating agency, upgraded in its latest rating update dated May 11, 2009 Lebanon's Sovereign "government bond" rating to "B2" with "Stable" outlook from a "B3" rating with a "positive" outlook previously. The rating agency also upgraded Lebanon's foreign currency rating to "B2". Furthermore, the agency improved Lebanese banks' rating despite the global downgrade frenzy amid the global financial turmoil, thanks to their abidance by the strict and stringent regulations of the Lebanese Central Bank. Lebanese banks (Audi Bank, BLOM Bank, Bank of Beirut and Byblos Bank) were assigned a "B2" long term bank deposits rating in comparison with "B3" in late March and a "D-" financial strength rating with a "Stable" outlook.

### Bank Audi Cancels Preferred Shares Series "C"

According to a Beirut Stock Exchange (BSE) circular, Bank Audi's extraordinary general assembly convened on May 7, 2009 and reached the following resolutions:

- Approving the cancellation of the 4 million Preferred Shares Series "C"
- Increasing the Bank's capital by LBP 299.24 million, by transferring the equivalent amount the free reserves account.

It is worth noting that the nominal value of Preferred shares series "C" will be distributed over the remaining shares (common and preferred), which will have a nominal value of LBP 12,250 each. Pursuant to the cancellation of Audi Bank's Preferred shares series "C", the Bank's total number of listed shares will be 35.44 million shares distributed as follows:

- 34.19 million common shares
- 1.25 million series "D" Preferred shares

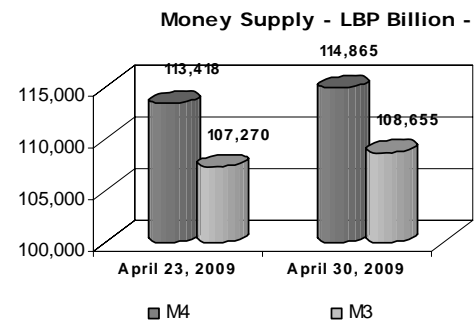
**MONETARY AGGREGATES**

On the monetary front, all monetary aggregates closed on a positive note during the week ended April 30, 2009. The overall money supply "M4" rose by a staggering LBP 1,447 billion (\$959.87 million) on a weekly basis to LBP 114,865 billion (\$76.20 billion) in part owing to some LBP 62 billion (\$41.13 million) rise in non-banking sector Treasury bills. On the other hand, Lebanese-pound denominated deposits and currency in circulation, "M1" gained a considerable 10.24% momentum to LBP 4,231 billion (\$2.81 billion), thanks to a LBP 158 billion (\$104.81 million) expansion in money in circulation, coupled with LBP 236 billion (\$156.55 million) increase in demand deposits.

Local currency, term deposits, "M2", increased by 1.67% for the week and a staggering 54.87% y-o-y to LBP 41,674 billion (\$27.64 billion). This has triggered a moderate LBP 293 billion (\$194.36 million) appreciation in private sector savings ("M2-M1") to LBP 37,443 billion (\$24.84 billion).

Money Supply LBP Billion	April 23, 2009	April 30, 2009	% Change
M1	3,838	4,231	10.24%
M2	40,988	41,674	1.67%
M3	107,270	108,655	1.29%
M4	113,418	114,865	1.28%
<b>M2 - M1 (Savings)</b>	<b>37,150</b>	<b>37,443</b>	<b>0.79%</b>

Source: Banque Du Liban



**MONEY MARKETS**

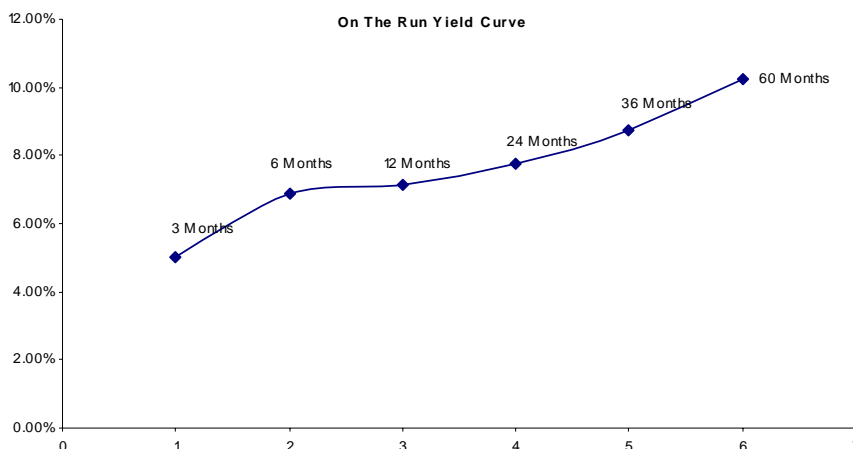
On the money market front, the May 13<sup>th</sup> Treasury bill auction raised LBP 516.309 billion, up from LBP 242,358 billion the week before. The auction revealed a surplus over nominal subscriptions of LBP 71.156 billion in comparison with a surplus of LBP 131.175 billion in the preceding week.

The bulk of the subscriptions was concentrated in the three-year to maturity T-bills, constituting alone around 84.97% of total aggregate subscriptions, followed by the three-month, two-year, six-month and one-year to maturity securities, representing around 11.34%, 1.63%, 1.20% and 0.87% of weekly subscriptions respectively.

Certificates Of Deposits	45 Days	60 Days
<b>Lebanese Pounds</b>		
Interest Rate/Period	4.40%	4.89%

Lebanese Treasury Bills	3 Months	6 Months	12 Months	24 Months	36 Months	60 Months
Treasury Yield	5.02%	6.90%	7.16%	7.74%	8.74%	10.25%



**FOREIGN EXCHANGE**

Domestically, demand for the Lebanese Pound prolonged its gaining streak for another successive week. The inter-bank trading range remained flat, hovering between LBP 1,500.75 and LBP 1,501.25, as the economy continues to show vivid signs of recovery. The Lebanese Central Bank intervened at the 1,501 LBP/USD level in an attempt to preserve a stable exchange rate against the U.S. Dollar. Demand for the Lebanese Pound continued to outweigh the supply of the domestic currency at respective trading bands of LBP 1,498- LBP 1,499 versus LBP 1,504-LBP 1,505. This is particularly evidenced by the regressing deposit dollarization rate to 66.93% as at end of March 2009.

On the foreign exchange front, the U.S. Dollar and the Japanese Yen appreciated against major foreign currencies last week as investors sought "safe-haven" currencies after meager European economic data triggered recessionary worries. More particularly, the European economy posted a 2.5% contraction in the first quarter of 2009 from the previous quarter, and some 4.6% contraction on an annual basis.

In mid Friday session, the Euro appreciated slightly against the U.S. Dollar by 0.03% for the day to \$1.3637 after having hovered between \$1.3617 and \$1.3649. On a weekly basis, the Euro slipped by a shy 0.07% to \$1.3637. The initial support level was reset at \$1.3623 and the resistance level readjusted to \$1.3652.

The U.S. Dollar, however, lost steam against the Japanese Yen, down by 2.69% for the week to a market close of 95.90 Yen. The Dollar traded between a range of 95.76 and 96.19 against the Yen on Friday, ending the day at 95.90 Yen. The initial support level was revised to 95.74 Yen with the resistance level reset at 96.13 Yen.

The Sterling Pound (GBP) depreciated by 0.12% against the U.S Dollar for the week. The British Pound was trading between \$1.5209 and \$1.5244, ending the week at \$1.5225 in New York session. The initial level support was revised to \$1.5216 with the resistance level readjusted to \$1.5247.

Major Currencies	Last	Previous	% Change
EUR/USD	1.3637	1.3646	-0.07% ↓
GBP/USD	1.5225	1.5244	-0.12% ↓
USD/JPY	95.90	98.55	-2.69% ↓
USD/CHF	1.1039	1.1301	-2.32% ↓
USD/CAD	1.1700	1.1708	-0.07% ↓

Major Currencies	Last	Previous	% Change
USD/LBP	1,507.5	1,507.5	0.00% ↔
EUR/LBP	2,044.2	2,022.5	1.07% ↑
CAD/LBP	1,285.3	1,291.0	-0.44% ↓
CHF/LBP	1,359.6	1,336.1	1.76% ↑
GBP/LBP	2,287.8	2,266.1	0.96% ↑

Gold & Silver (in USD)			
Gold kg 995	Gold Ounce	Silver Kg	Silver Ounce
29,955.76	931.75	450.90	14.03

World Interest rates levels						
Period	USD	GBP	CHF	JPY	CAD	EUR
O/N	0.1900	0.4000	0.0200	0.0100	0.1200	0.2500
1 Month	0.5900	0.5100	0.1500	0.1300	0.3000	0.7200
3 Months	1.0300	1.1400	0.4900	0.5600	0.5500	1.1500
6 Months	1.2100	1.3400	0.6600	0.7700	1.0000	1.3700
1 Year	1.4700	1.1500	0.7700	0.8400	1.2000	1.5200
5 Years	1.9731	2.4430	1.3280	0.7900	2.1330	2.4160
10 Years	3.1048	3.5380	2.3420	1.4050	3.1050	3.3520
30 Years	4.0660	4.4150	2.8550	2.1650	3.8590	4.1810

Major Crosses	EUR	GBP	CHF	JPY	CAD
EUR	-	0.8883	1.5108	127.630	1.5837
GBP	1.1258	-	1.7008	143.685	1.7828
CHF	0.6619	0.5880	-	84.480	1.0483
JPY	0.7835	0.6960	1.1837	-	1.2409
CAD	0.6315	0.5609	0.9540	80.590	-

Source: Banque Du Liban, Credit Libanais Forex Markets, Reuters

**FIXED INCOME**

On the Lebanese Eurobond front, demand continued to prosper around the maturity curve with limited supply. Spreads widened to 590.60 basis points during the week ended Friday May 15, 2009 up from 573.70 the week before.

**LEBANESE EUROBONDS**

Lebanese Eurobonds	Currency	Coupon	Maturity	Issue	Spread	Bid	Ask	Bid Yield	Bid Spread
<b>Government Eurobonds</b>									
Republic of Lebanon	USD	10.250%	Oct-09	440	101.750	102.750	5.420%	520	
Republic of Lebanon	USD	0.000%	Nov-09	325	99.250	100.250	7.280%	700	
Republic of Lebanon	USD	7.000%	Dec-09	349	100.500	101.500	6.070%	578	
Republic of Lebanon	USD	7.130%	Mar-10	370	100.750	101.750	6.120%	573	
Republic of Lebanon	USD	7.880%	May-11	366	102.250	103.250	6.650%	579	
Republic of Lebanon	USD	7.500%	Aug-11	-	101.630	102.630	6.690%	575	
Republic of Lebanon	USD	7.500%	Mar-12	-	101.250	102.250	7.000%	582	
Republic of Lebanon	USD	7.750%	Sep-12	385	101.750	102.750	7.140%	578	
Republic of Lebanon	USD	9.130%	Mar-13	-	105.250	106.250	7.510%	596	
Republic of Lebanon	USD	8.630%	Jun-13	478	103.500	104.500	7.610%	596	
Republic of Lebanon	USD	7.380%	Apr-14	-	98.380	99.380	7.780%	582	
Republic of Lebanon	USD	9.000%	May-14	515	104.380	105.380	7.910%	593	
Banque Du Liban	USD	10.000%	Apr-15	625	108.250	109.250	8.210%	601	
Republic of Lebanon	USD	8.500%	Aug-15	-	101.500	102.500	8.180%	592	
Republic of Lebanon	USD	8.500%	Jan-16	-	101.000	102.000	8.300%	593	
Republic of Lebanon	USD	11.630%	May-16	647	116.380	117.380	8.470%	603	
Republic of Lebanon	USD	9.000%	Mar-17	-	102.250	103.250	8.600%	597	
Republic of Lebanon	USD	8.250%	Apr-21	-	93.750	94.750	9.120%	592	
Republic of Lebanon	EUR	5.880%	Apr-12	-	98.000	99.000	6.650%	501	
Republic of Lebanon	EUR	7.250%	May-09	393	100.000	-	6.770%	676	
<b>Corporate Eurobonds</b>									
Bq Mediterranée	USD	7.630%	Jul-10	-	101.250	102.250	6.480%	595	
Bq Mediterranée	USD	7.630%	Dec-12	-	100.500	101.500	7.460%	600	
Audi Investment Bank	USD	10.750%	May-10	475	104.500	105.500	5.870%	542	

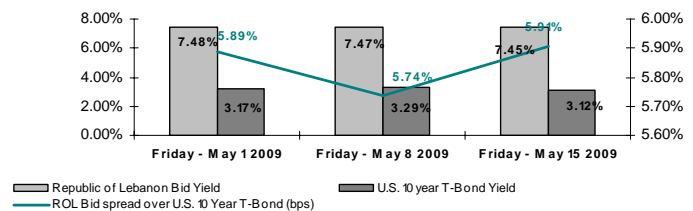
**YIELD - SPREAD EVOLUTION**

	Friday - May 1 2009	Friday - May 8 2009	Friday - May 15 2009
Republic of Lebanon Bid Yield	7.48%	7.47%	7.45%
Republic of Lebanon Bid Spread (bps)	588.94	573.70	590.60
U.S. 10 year T-Bond Yield	3.17%	3.29%	3.12%
ROL Bid spread over U.S. 10 Year T-Bond (bps)	431.00	418.00	433.00

**Yield - Spread Evolution**

As portrayed by the table above, Republic of Lebanon (ROL) bid spreads over U.S t-Bills seem to have halted their recent negative trend.

Spreads expanded to 590.60 bps up from 573.70 bps in the previous week and 588.94 bps two weeks earlier.



**LEBANESE EQUITIES**

Activity on the Beirut Stock Exchange (BSE) watered down last week, with some 1,056,152 shares changing hands, in comparison with 2,353,387 shares in the preceding week.

The Credit Libanais Aggregate Stock Index (CLASI) inched slightly upwards to 959.58, up from 959.48 the week before. This is mainly attributed to the gains spotted in the prices of Byblos Bank and Audi Bank shares.

Seven Gainers and four losers were screened throughout the week, increasing market capitalization by 0.03% to \$9.33 billion, from \$9.32 billion a week earlier. Value traded, however, fell by 51.44% to \$17.59 million in comparison with \$36.22 million a week ago.

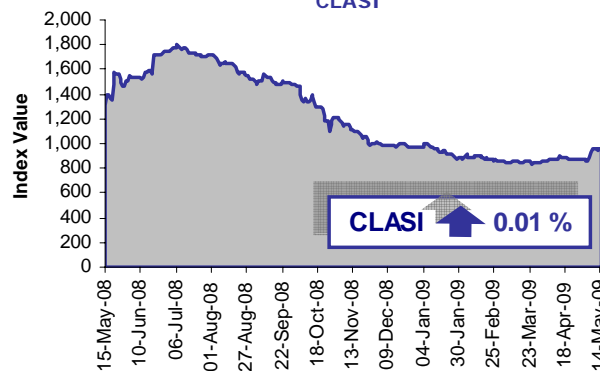
On the real estate and construction front, Solidere "A & B" shares led the weekly trades with 729,638 shares traded. The Credit Libanais Construction Sector Stock Index (CLCI) headed south, closing 3.31% lower at 921.44.

In the Banking sector, the prices of the Byblos Bank and Audi Bank shares rose by 9.71% and 4.40% respectively. Consequently, the Credit Libanais Financial Sector Stock Index weighed in the favor of the gaining banking stocks, correcting upwards by 2.30% to 965.17.

On the international front, the Blom Bank GDR was the sole gainer of the week, mimicking the trend of its Lebanese counterpart, up by 4.00% at \$65.

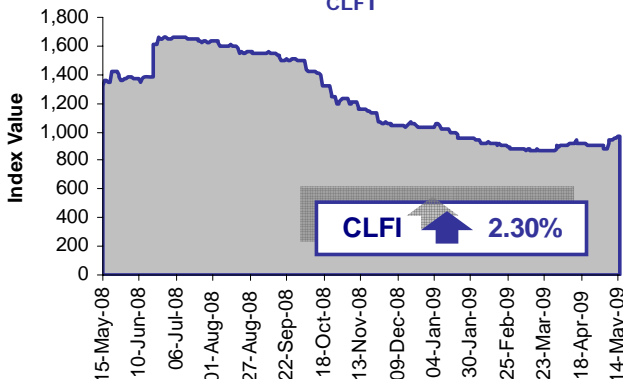
Credit Libanais Indices	Closing 15-May-09	Previous 8-May-09	Weekly % Change
Credit Libanais Aggregate Stock Index <.CLASI>	959.58	959.48	0.01%
Credit Libanais Financial Sector Stock Index <.CLFI>	965.17	943.51	2.30%
Credit Libanais Construction Sector Stock Index <.CLCI>	921.44	953.02	-3.31%

Credit Libanais Aggregate Stock Index Weekly Performance CLASI

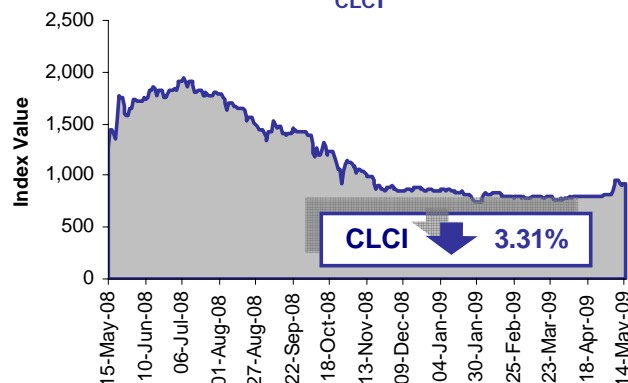


.CLASI Credit Libanais Aggregate Stock Index			
15 - May - 2009			
Value	Daily % Chng	Daily Net Chng	
959.58	0.111%	1.06	
Yr.High	Year Hi.Date	Yr.Low	Year.Lo.Date
994.90	5-Jan-09	836.11	25-Mar-09
Life High	Life Hi.Date	Life Low	Life.Lo.Date
1,801.01	7-Jul-08	836.11	25-Mar-09

Credit Libanais Financial Sector Stock Index Weekly Performance CLFI



Credit Libanais Construction Sector Stock Index Weekly Performance CLCI



LEBANESE EQUITIES								
	Closing	%change	Weekly Volume Traded	Total Outstanding Shares	Market Capitalisation (\$'000)	P/E	P/BV	YTD Price Perf.
<b>BEIRUT STOCK EXCHANGE</b>								
Solidere A	\$18.43	-3.76%	457,421	100,000,000	\$1,843,000	13.56	1.66	11.4%
Solidere B	\$18.37	-3.92%	272,217	65,000,000	\$1,194,050	13.52	1.66	10.0%
BLC "C"	\$1.90	0.00%	-	50,900,000	\$96,710	5.43	0.90	0.0%
Banque Audi Listed Shares	\$47.03	4.40%	15,928	34,189,389	\$1,607,927	7.31	0.93	-9.56%
Banque Audi GDR	\$48.34	-2.83%	7,340	9,829,902	\$475,177	7.51	0.95	-9.6%
Bank Audi Preferred "D"	\$100.30	0.20%	9,311	1,250,000	\$125,375	n.a	n.a	n.a
Bank Of Beirut "C"	\$18.15	0.28%	5,044	13,535,945	\$245,677	18.26	2.83	-0.55%
Bank Of Beirut Preferred "C"	\$25.00	0.00%	5,600	2,920,000	\$73,000	n.a	n.a	-1.96%
Bank Of Beirut Preferred "D"	\$25.00	0.00%	1,600	4,000,000	\$100,000	n.a	n.a	n.a
Byblos Bank "C"	\$1.92	9.71%	160,459	217,112,557	\$416,856	7.85	1.05	20.00%
Byblos Bank Preferred	\$105.00	0.00%	-	1,000,000	\$105,000	n.a	n.a	0.96%
Byblos Bank Preferred Class 2008	\$95.40	0.00%	-	2,000,000	\$190,800	n.a	n.a	-4.60%
Byblos Bank Priority	\$1.89	6.18%	27,047	206,023,723	\$389,385	7.72	1.0	15.24%
BEMO Bank-Listed shares	\$4.45	0.00%	-	5,400,000	\$24,030	12.11	1.26	-7.87%
BEMO Bank Preferred	\$100.00	0.00%	-	200,000	\$20,000	n.a	n.a	0.00%
BLOM Bank GDR	\$64.55	0.55%	12,210	7,389,601	\$476,999	5.89	1.10	-11.39%
BLOM Bank Listed Shares	\$65.00	0.00%	1,250	21,500,000	\$1,397,500	5.93	1.11	-13.04%
BLOM Bank Preferred "2004"	\$101.00	0.00%	2,001	750,000	\$75,750	n.a	n.a	0.00%
BLOM Bank Preferred "2005"	\$101.50	0.00%	333	1,000,000	\$101,500	n.a	n.a	-0.20%
RYMCO	\$2.10	0.00%	-	10,400,000	\$21,840	26.25	1.43	0.00%
Holcim Liban	\$13.49	2.82%	25,741	19,516,040	\$263,271	254.5	14.20	-15.32%
Ciment Blancs Bearer	\$2.10	0.00%	-	6,000,000	\$12,600	15.22	2.26	0.48%
Ciment Blancs Nominal	\$1.90	0.00%	-	3,000,000	\$5,700	13.77	2.04	0.00%
Uniceramic Nominal "A"	\$0.06	-45.45%	52,650	4,290,000	\$257	-0.24	0.07	0.00%
Uniceramic Bearer "C"	\$0.10	0.00%	-	8,580,000	\$858	-0.40	0.11	-94.12%
Beirut Golden Income (LBP)	104,200	0.00%	-	410,000	\$28,340	n.a	0.99	-7.13%
Beirut Preferred Fund	\$104.10	0.00%	-	325,756	\$33,911	n.a	n.a	n.a
<b>GLOBAL DEPOSITORY RECEIPTS</b>								
Solidere	\$17.75	-1.39%		9,091,750	161,379	13.06	1.60	-16.978%
Audi	\$49.00	-2.00%		9,687,532	474,689	6.65	0.96	-34.754%
BLOM Bank GDR	\$65.00	4.00%		7,389,601	480,324	5.69	1.18	-27.818%

Activity Analysis			
	Last	Previous	% Change
Value Traded	\$17,588,156	\$36,218,077	-51.44%
Volume Traded	1,056,152	2,353,387	-55.12%
Market Cap - BSE	\$9,326,606,134	\$9,323,429,969	0.03%
Market Cap - Intl	\$1,116,392	\$1,109,878	0.59%

Heavy market capitalization-weighted Solidere "A" and "B" shares emerged as the largest contributors (76.69%) to the week's traded value with a turnover ratio of 0.42%. Other active stocks included Audi Bank and Blom Bank (shares & GDRs), accounting for 11.57% and 6.29% of total weekly traded value respectively.

**LEBANON'S MAIN INDICATORS**
**Lebanon's Economic and Financial Sector Indicators**

	2003	2004	2005	2006	2007	2008*	2009*
<b>MACROECONOMIC INDICATORS</b>							
GDP (\$ Million)	19,795	21,465	21,558	22,437	25,044	29,228	
Real GDP Growth Rate	4.10%	7.40%	1.10%	0.60%	7.50%		
GDP Per Capita (\$)	5,585	5,949	5,898	6,146	6,569	6,963	
Net Foreign Direct Investment (\$ Million)	1,722	1,993	2,791	2,321.0	3,486.0		
<b>INDUSTRY</b>							
Industrial Exports (\$ Million)	1,438	1,640	1,667	1,738	2,361	2,994	695 <sup>(4)</sup>
Import of Industrial Machinery (\$ Million)	109	142	137	130	162.61	187.93	54.07 <sup>(4)</sup>
<b>TOURISM</b>							
Arab Tourists Arrivals	438,203	545,150	451,430	456,889	400,082	549,463	122,905 <sup>(4)</sup>
Africa Tourists Arrivals	22,398	20,180	16,160	20,541	48,071	34,144	6,136 <sup>(4)</sup>
U.S. Tourists Arrivals	120,429	152,075	136,907	129,274	121,596	176,647	27,880 <sup>(4)</sup>
Asia Tourists Arrivals	134,164	173,897	177,809	164,053	137,832	181,006	59,674 <sup>(4)</sup>
Europe Tourists Arrivals	266,691	338,475	316,083	267,142	277,337	347,495	66,127 <sup>(4)</sup>
Others Tourists Arrivals	66,755	48,692	41,135	33,659	32,154	43,796	14,957 <sup>(4)</sup>
<b>Total Number of Tourists</b>	<b>1,015,793</b>	<b>1,278,469</b>	<b>1,139,524</b>	<b>1,062,635</b>	<b>1,017,072</b>	<b>1,332,551</b>	<b>297,679</b>
<b>CONSTRUCTION</b>							
Construction Permits (000 sqm)	8,860	9,156	8,254	9,145	7,919	10,760.62 <sup>(2)</sup>	1,700 <sup>(4)</sup>
Cement Delivery (000 tons)	2,704	2,729	3,040	3,423	3,944	3,930 <sup>(2)</sup>	
<b>TRANSPORTATION</b>							
<b>Beirut Port Activity</b>							
Freight Activity(000 Tons)	4,767	5,060	4,475	4,226		5,746	1,978 <sup>(7)</sup>
Number of Vessels	2,333	2,366	2,230	1,832		2,055	799 <sup>(7)</sup>
Number of Containers	115,034	137,492	127,656	119,978		945,100	319,646 <sup>(7)</sup>
<b>Beirut Airport Activity</b>							
Number of Planes	34,469	39,023	38,197	32,980	39,050	59,787 <sup>(1)</sup>	
Number of Passengers	2,718,000	3,200,000	3,180,000	2,739,606	3,408,834	3,869,607	1,278,411 <sup>(7)</sup>
<b>FOREIGN TRADE</b>							
Imports (\$ Million)	7,170	9,400	9,342	9,399	11,815	16,137	3,240 <sup>(4)</sup>
Exports (\$ Million)	1,524	1,747	1,880	2,281	2,816	3,478	1000 <sup>(4)</sup>
Trade Balance (\$ Million)	(5,644)	(7,650)	(7,459)	(7,118)	(8,999)	(12,659)	(2,240) <sup>(4)</sup>
Exports/Imports	21.30%	18.60%	20.10%	24.27%	23.83%	21.55%	30.86%
<b>BALANCE OF PAYMENT</b>							
Balance of Payment (\$ Million)	3,386	169	747	2,795	2,036	3,461.50	297.7 <sup>(4)</sup>
Foreign Currency Reserves (\$ Billion)	12.18	11.48	11.66	12.97	12.39	19.73	22.30 <sup>(7)</sup>
<b>PUBLIC FINANCE</b>							
Government Expenditures (LBP Billion)	10,592	10,540	10,203	11,877	12,587	15,007	4,545 <sup>(4)</sup>
Government Revenues (LBP Billion)	6,656	7,514	7,405	7,295	8,749	10,603	2,828 <sup>(4)</sup>
Budget Deficit	(3,936)	(3,026)	(2,798)	(4,582)	(3,838)	(4,404)	1,717 <sup>(4)</sup>
Deficit / Total Expenditures	37.16%	28.71%	27.42%	38.58%	30.49%	29.35%	37.78%
Public Debt (\$ Billion)	33.36	33.85	38.48	37.41	39		47.85 <sup>(4)</sup>
Debt/GDP	168.53%	167.00%	179.00%	166.73%	171.00%		
<b>MONETARY AGGREGATES &amp; INFLATION</b>							
M1 (LBP Billion)	2,847	3,031	2,952	3,322	3,475	4,151	4,231 <sup>(7)</sup>
M2 (LBP Billion)	26,234	25,978	24,465	23,477	24,769	37,240	41,674 <sup>(7)</sup>
M3 (LBP Billion)	64,694	71,310	74,446	80,244	90,234	103,439	108,655 <sup>(7)</sup>
M4 (LBP Billion)	70,297	74,810	77,771	84,545	95,647	109,321	114,865 <sup>(7)</sup>
Consumer Price Index	136.75	102.48	99.63	107.24	113.59	120.81	121.33 <sup>(4)</sup>
CPI (%)	3.00%	1.70%	-2.60%	5.60%	9.30%	6.36%	
<b>BANKING SYSTEM</b>							
Number of Commercial Banks	52	53	54	54	---	---	
Number of Branches	809	802	926	977	---	---	
Number of Employees	15,714	16,281	17,480	18,945	---	---	
Total Assets (LBP Billion)	90,623	102,187	106,104	114,840	123,999	142,090	147,640 <sup>(4)</sup>
Total Deposits (LBP Billion)	73,455	82,691	85,906	97,309	102,598	118,584	122,787 <sup>(4)</sup>
Deposits by Private Sector (LBP Billion)	75,852	86,503	89,169	95,730	101,435	117,253	121,358 <sup>(4)</sup>
Deposits by Public Sector (LBP Billion)	1,325	1,480	1,705	1,579	1,163	1,331	1,429 <sup>(4)</sup>
Total Loans (LBP Billion)	23,758	25,364	26,109	57,123	59,185	70,064	71,108 <sup>(4)</sup>
Loans to Private Sector (LBP Billion)	22,836	24,020	24,467	25,930	26,762	31,750	32,342 <sup>(4)</sup>
Loans to Public Sector (LBP Billion)	21,006	24,155	26,697	31,193	32,423	38,314	38,766 <sup>(4)</sup>
Total Shareholders Equity (USD Million)	4,529.53	4,941.28	6,171.55	7,771.48	---	---	
Customer Loans/Customer Deposits	56.81%	54.75%	56.30%	58.70%	57.69%	59.08%	
Customer Loans/Total Assets	48.38%	47.14%	48.26%	49.74%	47.73%	49.31%	
ROE	11.14%	10.22%	10.71%	11.06%	---	---	
ROA	0.75%	0.68%	0.77%	0.92%	---	---	
Exchange Rate (LBP to USD)	1,507.50	1,507.50	1,507.50	1,507.50	1,507.50	1,507.50	1,507.50

(\*) (1) As At End Of September 2008 - (2) As At End Of November 2008 - (3) As At February 28, 2009 - (4) As At March 31, 2009  
(5) As At Mid April, 2009 - (6) As At April 23, 2009 - (7) As At April 30, 2009

**ARAB MARKETS**
**Regional Stock Market Indices**

The table on the right hand side portrays the weekly performance of major Arab stock market indices in the region for the week ended May 15, 2009:

REGIONAL STOCK MARKET INDICES					
Country	Index	Last	Previous	Net Change	% Change
Lebanon	.CLASI	959.48	877.79	81.69	9.31%
Bahrain	.BAX	1,595.02	1,596.04	(1.02)	-0.06%
United Arab Emirates	.ADX	2,619.67	2,526.53	93.14	3.69%
Saudi Arabia	.TASI	5,802.14	5,625.51	176.63	3.14%
Kuwait	.KWSE	7,753.20	7,556.90	196.30	2.60%
Oman	.MSI	5,468.40	5,128.88	339.52	6.62%
Egypt	.CCSI	1,566.83	1,517.57	49.26	3.25%

Source: Reuters

**The Egyptian Stock Exchange**

On a weekly basis, the Cairo Stock Exchange Index pursued its upturn for a third consecutive week, closing 1.10% higher at 1,584.10 last week.

Trading activity on the Egyptian Stock Exchange encompassed some 169,887,327 shares valued at 1,286.48 million Egyptian pounds (\$228.99 million). Among the 10 most heavily traded stocks, *Pens & Plastic Industries (Sicep)* was up at 52.52 Egyptian Pounds (\$9.35) followed by *El Kahera El Watania Investment* which firmed at 15.17 Egyptian Pounds (\$2.70). On the other hand, *National Investment & Reconstruction* ended in negative grounds, down at 51.02 Egyptian pounds (\$9.08), followed by *Tourism Urbanization* which settled at 16.89 Egyptian Pounds (\$3.01).

THE EGYPTIAN STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap.
<b>TOP FIVE GAINERS</b>				
Pens & Plastic Industries (Sicep)	LE 52.52	LE 46.36	13.29%	LE 69,540,000
El Kahera El Watania Investment	LE 15.17	LE 13.77	10.17%	LE 144,585,000
Egyptian Real Estate	LE 25.07	LE 23.05	8.76%	LE 115,250,000
Pharco Pharmaceuticals	LE 25.86	LE 24.27	6.55%	LE 2,427,000,000
El Arabia for Land Reclamation	LE 39.32	LE 37.45	4.99%	LE 97,370,000
<b>TOP FIVE LOSERS</b>				
National Investment & Reconstruction	LE 51.02	LE 59.72	-14.57%	LE 89,580,000
Tourism Urbanization	LE 16.89	LE 19.05	-11.34%	LE 74,523,600
Saudi Egyptian Investment & Finance	LE 85.05	LE 95.82	-11.24%	LE 95,820,000
El Watany Bank of Egypt	LE 37.00	LE 41.44	-10.71%	LE 4,144,000,000
Universal For Paper and Packaging Materials (Unipack)	LE 48.52	LE 54.11	-10.33%	LE 81,165,000
LE/USD	5.6180			

Source: Egypt Stock Exchange, Credit Libanais Research Unit

**The Saudi Stock Exchange**

On a weekly basis, the Tadawul All Shares Index prolonged its positive impulse, gaining 4.18% for the week to 6,044.78.

Trading activity included 2,284.69 million shares valued at 48,776.55 million Saudi Riyal (\$13,007.08 million), with the Saudi stock market capitalization attaining 1,156.74 billion Saudi Riyal (\$308.46 billion). Among the 10 most heavily traded stocks, *Sagr Insurance* topped the gainers' list of the week, up by a staggering 34.42% to 51.75 Saudi Riyal (\$13.80), followed by *ACIG* which settled higher at 100.00 Saudi Riyal (\$26.67). On the other hand, *Sharqiya Dev Co* topped the losers' list, down by 11.96% to 40.50 Saudi Riyal (\$10.80), followed by *SABB Takaful* which dipped at 118.75 Saudi Riyal (\$31.67).

THE SAUDI STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap. Million
<b>TOP FIVE GAINERS</b>				
Sagr Insurance	SAR 51.75	SAR 38.50	34.42%	SAR 1,035
ACIG	SAR 100.00	SAR 82.00	21.95%	SAR 1,000
AICC	SAR 35.00	SAR 29.00	20.69%	SAR 700
Malath Insurance	SAR 34.50	SAR 29.40	17.35%	SAR 1,035
ATC	SAR 97.25	SAR 83.00	17.17%	SAR 973
<b>TOP FIVE LOSERS</b>				
Sharqiya Dev Co	SAR 40.50	SAR 46.00	-11.96%	SAR 304
SABB Takaful	SAR 118.75	SAR 134.00	-11.38%	SAR 1,188
Gulf Union	SAR 30.90	SAR 33.90	-8.85%	SAR 680
Alkhaleej Trng	SAR 50.25	SAR 54.75	-8.22%	SAR 754
Budget Saudi	SAR 60.25	SAR 64.50	-6.59%	SAR 1,103
USD/SR	\$0.26			

Source: Saudi Stock Exchange, Credit Libanais Research Unit

**ARAB MARKETS (Continued)**
**The Abu Dhabi Stock Exchange**

On a weekly basis, the Abu Dhabi General Index reversed momentum, slipping by 1.11% to 2,590.66.

Trading activity narrowed markedly with some 667,183,697 shares changing hands, down from 953,370,769 shares the week before. Traded value was no exception, dipping to 1,443.76 million Dinars (\$393.14 million) down from 1,922.50 million Dinars (\$523.50 million) a week earlier. Among the 10 most heavily traded stocks, *Oman & Emirates Inv. Holding Co.* emerged as the top gainer at 1.27 Dinars (\$0.35), followed by *Gulf Pharmaceutical Co.* which closed up at 1.46 Dinars (\$0.40). On the other hand, *Fujairah Building Industries P.S.C.* topped the losers' list, slipping by 10% to 2.70 Dinars (\$0.74).

THE ABU DHABI STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap. In AED Billion
<b>TOP FIVE GAINERS</b>				
Oman & Emirates Inv. Holding Co.	AED 1.27	AED 1.10	15.45%	140,156
Gulf Pharmaceutical Co.	AED 1.46	AED 1.27	14.96%	939,703
Methaq Takaful Insurance Co.	AED 2.93	AED 2.60	12.69%	439,500
National Bank of Ras Al-Khaimah	AED 3.79	AED 3.41	11.14%	N.A.
FOODCO Holding P.J.S.C	AED 2.01	AED 1.83	9.84%	201,000
<b>TOP FIVE LOSERS</b>				
Fujairah Building Industries P.S.C.	AED 2.70	AED 3.00	-10.00%	341,550
National Bank of Umm Al-Qaiwain	AED 3.21	AED 3.55	-9.58%	4,660,920
UMM AL-QAIWAIN CEMENT INDUSTRIES CO.	AED 0.87	AED 0.96	-9.37%	315,810
Abu Dhabi National Takaful Co. PJSC	AED 5.35	AED 5.88	-9.01%	N.A.
Gulf Cement Co.	AED 2.32	AED 2.54	-8.66%	1,888,523
AED/USD	AED 3.6724			

Source: Abu Dhabi Stock Exchange, Credit Libanais Research Unit

**The Bahraini Stock Exchange**

On a weekly basis, the Bahraini Stock Exchange Index sustained its robust momentum, gaining 2.69% for the week to a session close of 1,637.87, up from 1,595.02 the week before.

Trading activity accelerated pace with some 23,436,152 shares traded, in comparison with 17,149,428 shares a week earlier. *Nass Corporation BSC* was the top gainer of the week, up at Bahraini Dinar 0.18 (\$0.48). On the other hand, *Global Investment House* plunged by 75.16% to Bahraini Dinar 0.16 (\$0.42).

THE BAHRAINI STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap. In BD
<b>TOP FIVE GAINERS</b>				
Nass Corporation BSC	BD 0.18	BD 0.14	29.50%	39,600,000
Ahli United Bank	\$0.59	\$0.51	15.69%	1,063,441,662
Arab Banking Corporation	\$0.59	\$0.53	11.32%	444,860,000
Banader Hotels Company BSC	BD 0.07	BD 0.06	9.84%	10,050,000
United Gulf Investment Corporation B.S.C	BD 0.12	BD 0.11	9.09%	24,000,000
<b>TOP FIVE LOSERS</b>				
Global Investment House	BD 0.16	BD 0.64	-75.16%	151,282,110
Gulf Finance House	\$1.09	\$1.20	-9.17%	392,718,475
Khaleeji Commercial Bank	BD 0.14	BD 0.16	-8.33%	150,040,941
INOVEST	\$0.90	\$0.94	-4.26%	90,853,513
Esterad Investment Company B.S.C.	BD 0.33	BD 0.34	-1.47%	51,925,000
USD/BD	\$2.65			

Source: Bahrain Stock Exchange, Credit Libanais Research Unit

**Bahrain's Inflation Rate At 4.33% in March**

According to government official data, Bahrain's inflation rate slowed to 4.33% in March 2009 in comparison with 4.74% in February. More particularly the Gulf Island Kingdom's consumer price index stood at 109.8 points in March, posting a moderate 4.33% annual inflation.

**Egypt Inflation Rate At 11.7% in April**

According to the Egyptian Prime Minister, Egypt's inflation rate slowed to 11.7% in April down from 12.1% in March, after exceeding the 20% mark last year. It is worth nothing that the authorities project inflation to tumble to a single digit number during the summer season.

### Trade Gap in March 2009

The U.S. Department of Commerce reported a 5.5% increase in its March 2009 balance of trade deficit to \$27.6 billion, up from a nine-year low of \$26.1 billion in the preceding month. March's expansion in trade gap came better than U.S. economists' expectations which centered upon a higher \$28.5 billion deficit. In March, U.S. exports fell by 2.4% to seasonally adjusted \$123.6 billion, their lowest level since August 2006, outweighing the 1% decline in imports to \$151.2 billion, their weakest level since September 2004.

### Retail Sales in April 2009

The U.S. Department of Commerce also conveyed an annual 10% contraction in retail sales through April 2009 in comparison with the same period last year, as massive job cuts and flat wages continued to squeeze consumer spending. For the month of April alone, retail sales regressed by 9.4% in comparison with April 2008. Excluding gasoline sales, retail sales slipped by 0.2% in April, while motor vehicle sales rose by 0.2% in U.S. Dollar value. April's contraction in retail sales came in conflict with U.S. economists' expectations which centered upon a small rise in retail sales.

### Budget Deficit in April 2009

According to the U.S. Treasury Department, the U.S. budget deficit widened by a staggering 422.67% on an annual basis to a record \$802.3 billion through the first seven months of the fiscal year, up from \$153.5 billion a year earlier. For the month of April alone, the deficit reached \$20.9 billion, the first April deficit in 26 years, with the deficit for the full year 2009 projected to hit a record \$1.75 trillion. Government revenues fell by 19% year-on-year to \$1.26 trillion as at end of April coupled with a significant 20% rise in Government expenditures to \$2.06 trillion.

### Consumer Sentiment in May 2009

The University of Michigan consumer sentiment index rose by 4.30% in May 2009 to 67.9, up from 65.1 in April, posting its highest level since the onset of the financial crisis. May's appreciation in consumer sentiment was close to U.S. economists' expectations, which pivoted around a higher 68 reading.

### U.S. Treasury Prices

The U.S. 10-year Treasury note prices firmed at 102.86 on Friday with yields contracting to 3.12% down from 3.29% in the preceding week.

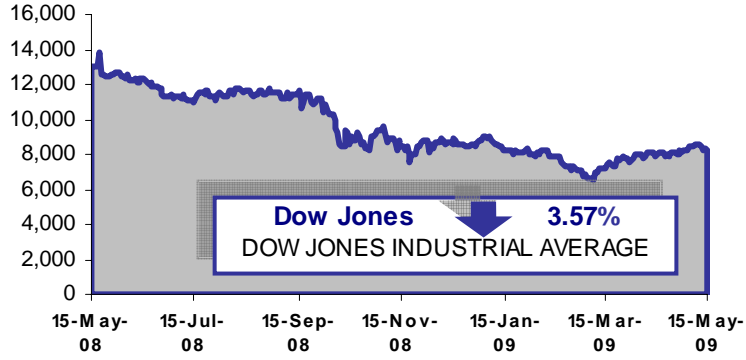
### U.S. Market Indices

For the week, all three U.S. indices settled on a negative note on Friday, May 15. The Dow Jones Industrial Average fell by 3.57% to a market close of 8,268.64. In parallel, the NASDAQ Composite ended the week down by 3.38% at 1,680.14, with the S&P500 index losing 4.99% to close at 882.88.

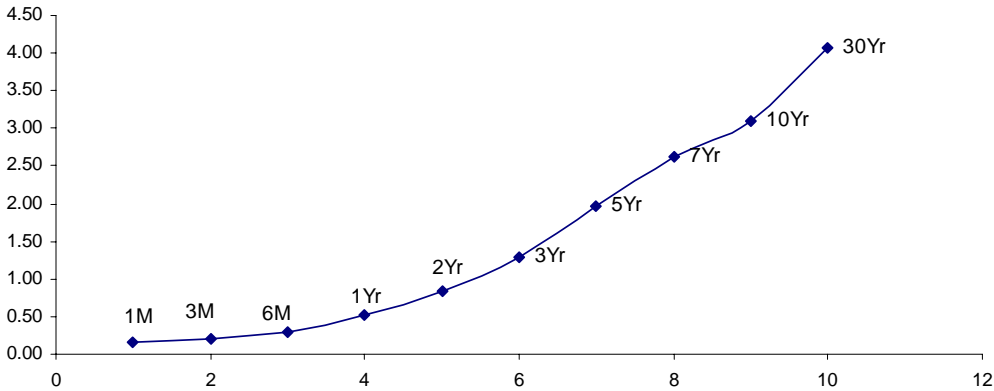
U.S. Market Indices Closing Levels	8-May-09	15-May-09	% Change
Dow Jones Industrial Average	8,574.65	8,268.64	-3.57%
Nasdaq Composite Index	1,739.00	1,680.14	-3.38%
Standard & Poor 500 Index	929.23	882.88	-4.99%
10-Year U.S. T-Bond	3.29%	3.12%	

U.S. Treasury Bills	1M	3M	6M	2Yr	5Yr	10Yr	30Yr
Yield (%)	0.15	0.20	0.30	0.84	1.97	3.12	4.06

Dow Jones Industrial Average



On The Run Yield Curve



U.S. Markets

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