

WEEKLY MARKET WATCH

Issue No. 209
May 26th 2009 – June 1st 2009

Credit Libanais SAL



Research Unit

TABLE OF CONTENTS

LEBANON NEWS

ECONOMIC INSIGHTS

- ▶ Payment Cards In April 2009 1
- ▶ Germany Signs Three New Agreements 1
- ▶ Lebanese Government Completes Plan to Mitigate Global Financial Crisis 1
- ▶ Moody's Places Deposit Ratings for Three Lebanese Banks Under Review 2

CORPORATE NEWS

- ▶ Byblos Bank Distributes Dividends to Shareholders 3
- ▶ Byblos Bank Redeems Series 2003 Preferred Shares 3
- ▶ Solidere Calls for Ordinary General Meeting 3

MONETARY PERFORMANCE

- ▶ Monetary Aggregates 4
- ▶ Money Markets 4

FOREIGN EXCHANGE & FIXED INCOME

- ▶ Foreign Exchange 5
- ▶ Fixed Income 6

LEBANESE EQUITIES & GDRs

- ▶ Lebanese Equities & Credit Libanais Indices 7
- ▶ Lebanese GDRs 8

LEBANON'S ECONOMIC & FINANCIAL SECTOR INDICATORS 9

ARAB NEWS

- ▶ Regional Stock Market Indices 10
- ▶ The Egyptian Stock Exchange 10
- ▶ The Saudi Stock Exchange 10
- ▶ The Abu Dhabi Stock Exchange 11
- ▶ The Bahraini Stock Exchange 11
- ▶ Kuwait's Inflation Rate At 3.1% in January 11
- ▶ Egypt's Economy to Register 4.5% Growth in the Second Quarter of 2009 11

U.S. MARKETS

- ▶ Consumer Confidence Index in May 2009 12
- ▶ GDP Growth in the First Quarter of 2009 12
- ▶ New Home Sales In April 2009 12
- ▶ U.S. Treasury Prices 12
- ▶ U.S. Market Indices 12

Payment Cards In April 2009

Banque Du Liban (BDL) statistics revealed a healthy 8.05% annual expansion in the number of payment cards in Lebanon (debit and credit cards) reaching 1,601,215 cards as at end of April 2009.

Lebanese Government Completes Plan to Mitigate Global Financial Crisis

According to the Lebanese press, the Lebanese government approved recently a plan aimed at shielding the Lebanese economy from the global financial crisis.

Moody's Places Deposit Ratings for Three Lebanese Banks under Review

Moody's Investors Service, the International Rating Agency, placed under review the global local currency (GLC) deposit ratings for Audi Bank, Blom Bank and Byblos Bank for possible downgrade.

Egypt's Economy to Register 4.5% Real Growth in the Second Quarter of 2009

According to the Finance Minister, Egypt's real GDP growth is expected to hit the 4.5% mark in the second quarter of 2009.

Consumer Confidence Index in May 2009

The U.S. Conference Board reported that the U.S. consumer confidence index expanded by 34.56% to 54.9 in May 2009, up from 40.8 in April 2009.

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

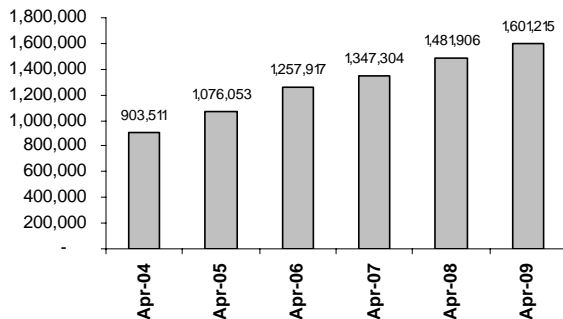
SYNOPSIS OF TERMS

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

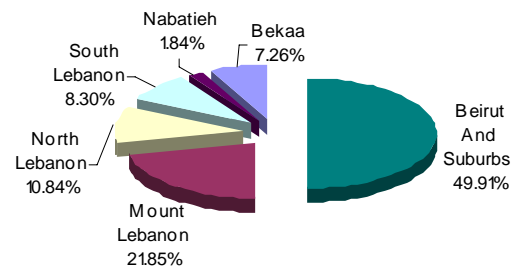
Payment Cards In April 2009

Banque Du Liban (BDL) statistics revealed a healthy 8.05% annual expansion in the number of payment cards in Lebanon (debit and credit cards) to 1,601,215 cards as at end of April 2009, up from 1,481,906 a year earlier. The aggregate value of domestic card payments by residents soared by 16.25% to \$315.07 million in comparison with \$271.02 million through April 2008. In parallel, the number of ATM machines rose by a moderate 6.22% y-o-y to 1,144 machines in April 2009, up from 1,077 machines in April 2008.

Evolution In The Number of Payment Cards



ATMs By Geographical Distribution



As for the geographical distribution of the ATM network, the greater Beirut region continues to occupy the highest concentration, with some 571 machines, constituting alone 49.91% of Lebanon's total ATM network.

Germany Signs Three New Agreements

According to the Lebanese press, the Council for Development and Reconstruction inked three agreements with Germany worth some €15.2 million in total. Said agreements are geared towards financing water, environmental and sanitation projects. It is worth noting that signed agreements with Germany aggregated to €29.2 million since 2006.

Lebanese Government Completes Plan to Mitigate Global Financial Crisis

According to the Lebanese press, the Lebanese government approved recently a plan aimed at shielding the Lebanese economy from the global financial crisis. Said plan aims primarily at maintaining excess liquidity in the market in an attempt to counter any possible recessionary pressure. In this perspective, the Lebanese government, and in the first tier of 2008, decided to raise the minimum wage level and subsequent wage brackets by LBP 200,000 (\$132.67) and on a retroactive basis for public and private sector employees. It is worth noting that the impact of such a resolution will be an additional \$900 million in liquidity in 2009 from public sector retroactive salary appraisal. The government also pursued the payment of indemnities for the July 2006 war, and continued to finance the Fund of the Displaced and that of the South. Furthermore, the government vowed to accelerate due payments to hospitals and contractors. Said actions are expected to boost liquidity levels to around 10% of GDP, without triggering any inflationary pressure. Concurrently, the plan emphasizes on supporting the private sector in order to create new jobs and achieve real growth in the economy. Forms of support include but are not limited to: exempting employers from National Social Security Fund (NSSF) subscriptions for jobs created in 2009 and 2010 (with the government pledging to pay the respective fees for these two years), accelerating the disbursement of private sector support pledged during the Paris III convention and providing exceptional custom exemptions for imported alternative energy utilization equipment. The government's plan also eyes to promote a better investment environment through the cancellation of certain taxes that do not provide significant income to the government such as improving interest rate levels on long term loans extended to "holding" companies.

Moody's Places Deposit Ratings for Three Lebanese Banks under Review

Moody's Investors Service, the International Rating Agency, placed under review the global local currency (GLC) deposit ratings for Audi Bank, Blom Bank and Byblos Bank for possible downgrade. It is worth noting that all three banks currently maintain a "Ba2" rating. Said evaluation is mainly based on the level of "systemic support" the Lebanese government is able to provide to the banking system especially with the ongoing global financial crisis. The report noted that factors taken into consideration for the assessment of systemic support include, but are not restricted to, "the size of the banking system in relation to government resources, the stress level in the banking system, the foreign currency obligations of the banking systems relative to the government's own foreign exchange resources, and changes to the government's political patterns and priorities". It is worth highlighting that Moody's kept the three Lebanese banks' financial strength rating unchanged at "D-".

Byblos Bank Distributes Dividends to Shareholders

According to a Beirut Stock Exchange circular published last week, Byblos Bank's ordinary general assembly meeting convened on May 22, 2009 reached the following resolution pertaining to the distribution of dividends (after the deduction of a 5% withholding tax):

- Holders of Priority shares will receive an after tax dividend of LBP 150.0 per share;
- Holders of Class 2003 Preferred shares will receive an after tax dividend of LBP 17,259.6 per share;
- Holders of Class 2008 Preferred shares will receive an after tax dividend of LBP 4,818.3 per share;
- Holders of common shares will receive an after tax dividend of LBP 150.0 per share and
- Holders of GDRs will receive an after tax dividend of LBP 157.9 per GDR.

It is worth noting that dividends distribution date has been scheduled starting May 29, 2009 with that of Byblos Bank's GDRs starting June 5, 2009.

Byblos Bank Redeems Series 2003 Preferred Shares

According to the Beirut Stock Exchange (BSE) circular number 282/2009, and in accordance with Byblos Bank's board of directors' meeting held on May 22, 2009 and the Banking Control Commission's approval dated May 6, 2009, the Beirut Stock Exchange has approved the redemption of Byblos Bank's series 2003 Preferred shares. It is worth noting that the Preferred shares 2003 Series were de-listed from the Beirut Stock Exchange (BSE) on May 28, 2009.

Solidere Calls for Ordinary General Meeting

According to a Beirut Stock Exchange circular dated May 27, 2009, the Lebanese Company for Development and Reconstruction of the Beirut Central District's "Solidere" Board of Directors called the Bank's shareholders to an Ordinary General meeting which will be convened on June 17, 2009. The meeting's agenda will entail electing members for a new board of directors, assigning auditors, presenting and negotiating the establishment of a new Lebanese joint stock company with the objective of acquiring the Beirut Souks project.

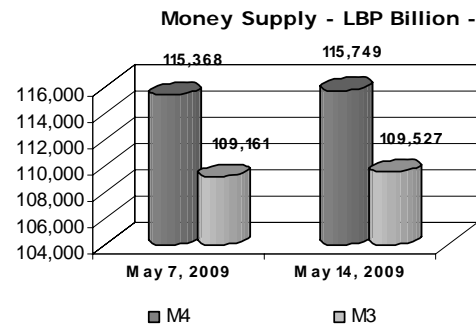
MONETARY AGGREGATES

On the monetary front, the overall money supply "M4" rose by a healthy LBP 381 billion (\$252.74 million) on a weekly basis to LBP 115,749 billion (\$76.78 billion) during the week ended May 14, 2009, in part attributed to a LBP 15 billion (\$9.95 million) rise in non-banking sector Treasury bills. On the other hand, Lebanese-pound denominated deposits and currency in circulation, "M1" fell by 2.89% to LBP 4,032 billion (\$2.67 billion) owing to some LBP 90 billion (\$59.70 million) contraction in money in circulation, coupled with LBP 30 billion (\$19.90 million) drop in demand deposits.

Local currency, term deposits, "M2", increased by a shy 0.39% for the week, and a staggering 54.09% on an annual basis to LBP 42,080 billion (\$27.91 billion). This has spurred a moderate LBP 284 billion (\$188.39 million) appreciation in private sector savings ("M2-M1") to LBP 38,048 billion (\$25.24 billion).

Money Supply LBP Billion	May 7, 2009	May 14, 2009	% Change
M1	4,152	4,032	-2.89%
M2	41,916	42,080	0.39%
M3	109,161	109,527	0.34%
M4	115,368	115,749	0.33%
M2 - M1 (Savings)	37,764	38,048	0.75%

Source: Banque Du Liban



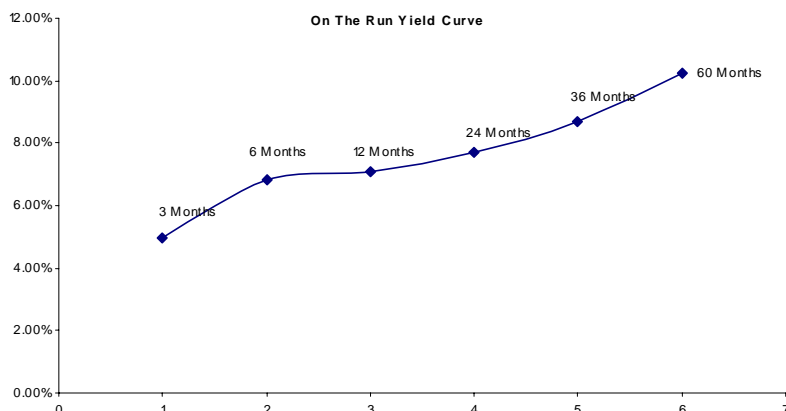
MONEY MARKETS

On the money market front, the May 21st Treasury bill auction raised LBP 329.977 billion, up from LBP 91.449 billion the week before. The auction revealed a deficit over nominal subscriptions of LBP 40.958 billion in comparison with a deficit of LBP 135.555 billion in the preceding week.

The bulk of the subscriptions was concentrated in the three-year to maturity T-bills, constituting alone around 82.90% of total aggregate subscriptions, followed by the two-year, three-month, six-month and one-year to maturity securities, representing around 10.75%, 3.49%, 1.84% and 1.02% of weekly subscriptions respectively.

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

Lebanese Treasury Bills	3 Months	6 Months	12 Months	24 Months	36 Months	60 Months
Treasury Yield	4.98%	6.82%	7.10%	7.70%	8.70%	10.25%



FOREIGN EXCHANGE

Domestically, demand for the Lebanese Pound extended its robust momentum for another consecutive week. The inter-bank trading range hovered between LBP 1,500.5 and LBP 1,502.5 as the economy continues to show vivid signs of recovery, prompting demand for the local currency. The Lebanese Central Bank intervened at the 1,501.5 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. 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 depreciated against major currencies last week, reaching its five-month lowest level this year on the back of signs of economic recovery which spurred investors' appetite for higher yielding currencies and financial assets.

In mid Friday session, the Euro appreciated against the U.S. Dollar by 1.55% for the day to \$1.4151 after having hovered between \$1.3923 and \$1.4168. On a weekly basis, the Euro rose by 1.14% to \$1.4151. The initial support level was reset at \$1.4098 and the resistance level readjusted to \$1.4162.

The U.S. Dollar, however, headed north against the Japanese Yen, gaining some 0.55% for the week to a market close of 95.29 Yen. The Dollar traded between a range of 95.00 and 97.01 against the Yen on Friday, ending the day at 95.29 Yen. The initial support level was revised to 94.77 Yen with the resistance level reset at 95.58 Yen.

Moreover, the Sterling Pound (GBP) gained some 1.56% for the week against the U.S. Dollar. The British Pound was trading between \$1.5916 and \$1.6199, ending the week at \$1.6182 in New York session. The initial level support was revised to \$1.6179 with the resistance level readjusted to \$1.6259.

Major Currencies	Last	Previous	% Change	
EUR/USD	1.4151	1.3991	1.14%	↑
GBP/USD	1.6182	1.5933	1.56%	↑
USD/JPY	95.29	94.77	0.55%	↑
USD/CHF	1.0837	1.0940	-0.94%	↓
USD/CAD	1.1142	1.1361	-1.93%	↓

Gold & Silver (in USD)			
Gold kg 995	Gold Ounce	Silver Kg	Silver Ounce
31,722.41	986.70	511.83	15.92

Major Crosses	EUR	GBP	CHF	JPY	CAD
EUR	-	0.8686	1.5138	134.800	1.5385
GBP	1.1505	-	1.7422	155.140	1.7707
CHF	0.6601	0.5737	-	89.020	1.0161
JPY	0.7413	0.6442	1.1226	-	1.1410
CAD	0.6494	0.5643	0.9835	87.570	-

Major Currencies	Last	Previous	% Change	
USD/LBP	1,507.5	1,507.5	0.00%	↔
EUR/LBP	2,112.6	2,103.7	0.42%	↑
CAD/LBP	1,366.1	1,330.9	2.65%	↑
CHF/LBP	1,394.4	1,384.4	0.72%	↑
GBP/LBP	2,422.9	2,385.8	1.55%	↑

World Interest rates levels						
Period	USD	GBP	CHF	JPY	CAD	EUR
O/N	0.2000	0.1500	0.0200	0.0100	0.0200	0.6000
1 Month	0.6400	0.5700	0.2200	0.1900	0.1500	0.8500
3 Months	0.9600	1.0900	0.5100	0.5400	0.3500	1.1200
6 Months	1.1800	1.3100	0.6500	0.3800	0.6000	1.3000
1 Year	1.4500	1.2700	0.7400	0.7700	1.3200	1.4900
5 Years	2.3784	2.5770	1.4450	0.8200	2.4860	2.6330
10 Years	3.5281	3.7480	2.4410	1.5000	3.4230	3.5900
30 Years	4.3913	4.5660	3.1020	2.2700	4.0240	4.3800

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

FIXED INCOME

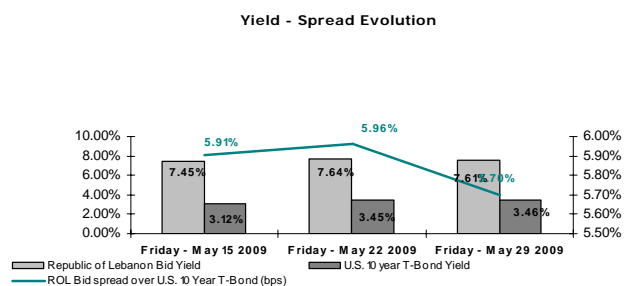
On the Lebanese Eurobond front, prices for the Republic Of Lebanon Eurobonds regained a slight momentum, fueled by a strong demand that continued to outpace supply. Spreads tightened to 569.80 basis points during the week ended Friday May 29, 2009 down from 596.20 the week before.

LEBANESE EUROBONDS									
Lebanese Eurobonds	Currency	Coupon	Maturity	Issue	Spread	Bid	Ask	Bid Yield	Bid Spread
Government Eurobonds									
Republic of Lebanon	USD	10.250%	Oct-09	440	440	101.750	102.750	4.960%	475
Republic of Lebanon	USD	0.000%	Nov-09	325	325	99.250	100.250	7.370%	707
Republic of Lebanon	USD	7.000%	Dec-09	349	349	100.630	101.630	5.780%	546
Republic of Lebanon	USD	7.130%	Mar-10	370	370	100.750	101.750	6.080%	566
Republic of Lebanon	USD	7.880%	May-11	366	366	103.000	104.000	6.230%	529
Republic of Lebanon	USD	7.500%	Aug-11	-	-	102.380	103.380	6.300%	527
Republic of Lebanon	USD	7.500%	Mar-12	-	-	102.000	103.000	6.700%	535
Republic of Lebanon	USD	7.750%	Sep-12	385	385	102.630	103.630	6.830%	526
Republic of Lebanon	USD	9.130%	Mar-13	-	-	106.250	107.250	7.200%	537
Republic of Lebanon	USD	8.630%	Jun-13	478	478	104.500	105.500	7.320%	536
Republic of Lebanon	USD	7.380%	Apr-14	-	-	99.250	100.250	7.560%	520
Republic of Lebanon	USD	9.000%	May-14	515	515	105.380	106.380	7.660%	528
Banque Du Liban	USD	10.000%	Apr-15	625	625	109.250	110.250	8.000%	536
Republic of Lebanon	USD	8.500%	Aug-15	-	-	102.000	103.000	8.080%	537
Republic of Lebanon	USD	8.500%	Jan-16	-	-	102.000	103.000	8.100%	528
Republic of Lebanon	USD	11.630%	May-16	647	647	117.250	118.250	8.300%	541
Republic of Lebanon	USD	9.000%	Mar-17	-	-	103.750	104.750	8.330%	524
Republic of Lebanon	USD	8.250%	Apr-21	-	-	97.500	98.500	8.590%	489
Republic of Lebanon	EUR	5.880%	Apr-12	-	-	98.000	99.000	6.660%	488
Corporate Eurobonds									
Bq Mediterranée	USD	7.630%	Jul-10	-	-	101.500	102.500	6.220%	564
Bq Mediterranée	USD	7.630%	Dec-12	-	-	101.500	102.500	7.140%	543
Audi Investment Bank	USD	10.750%	May-10	475	475	104.500	105.500	5.710%	521

YIELD - SPREAD EVOLUTION			
	Friday - May 15 2009	Friday - May 22 2009	Friday - May 29 2009
Republic of Lebanon Bid Yield	7.45%	7.64%	7.61%
Republic of Lebanon Bid Spread (bps)	590.60	596.20	569.80
U.S. 10 year T-Bond Yield	3.12%	3.45%	3.46%
ROL Bid spread over U.S. 10 Year T-Bond (bps)	433.00	419.00	415.00

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

Spreads narrowed to 569.80 bps down from 596.20 bps in the previous week and 590.60 bps two weeks earlier, easing as such the pressure on ROL bond prices.



LEBANESE EQUITIES

Activity on the Beirut Stock Exchange (BSE) remained sluggish last week, with some 520,586 shares changing hands, in comparison with 596,368 shares in the preceding week.

The Credit Libanais Aggregate Stock Index (CLASI) inched slightly downwards to 964.05, down from 969.05 the week before. This is mainly attributed to the losses spotted in the prices of heavy market capitalized Solidere "A & B" shares.

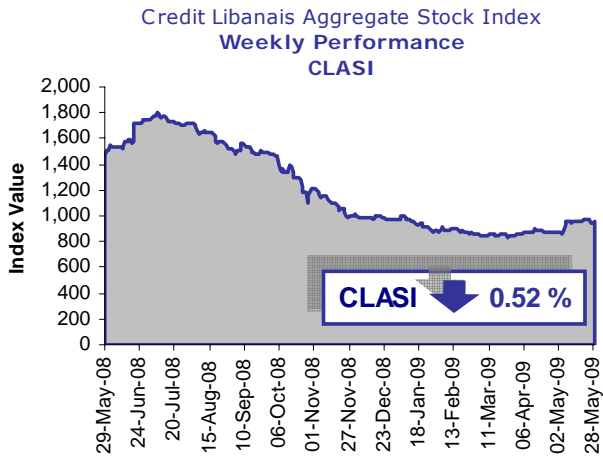
Six Gainers and eight losers were screened throughout the week, dragging market capitalization by 1.59% to \$9.27 billion, from \$9.42 billion a week earlier. Concurrently, value traded fell by 4.98% to \$8.22 million down from \$8.65 million a week ago.

On the real estate and construction front, Solidere "A & B" shares led the weekly trades with 299,229 shares traded. The Credit Libanais Construction Sector Stock Index (CLCI) headed south, pulled by the heavy losses spotted by its major constituents Solidere "A & B", closing 2.14% lower at 918.83.

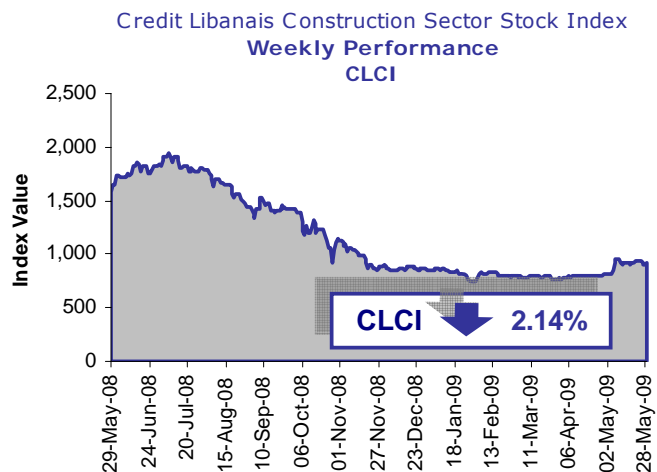
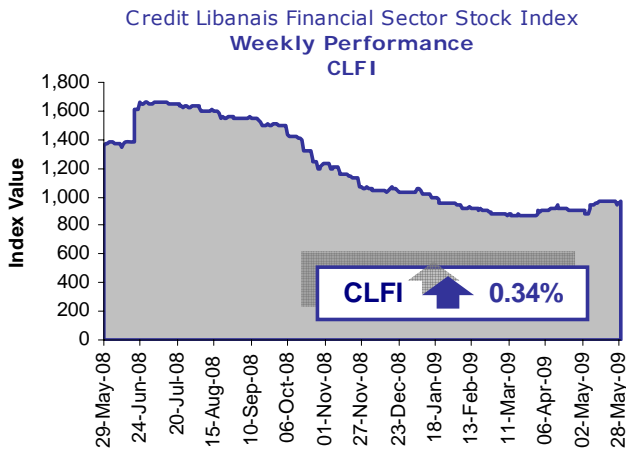
In the Banking sector, the prices of BEMO Bank listed shares and Audi Bank GDRs rose by 5.62% and 5.10% respectively. The Credit Libanais Financial Sector Stock Index weighed in the favor of the gaining banking stocks, gaining 0.34% to 972.33.

On the international front, the Audi Bank GDR was the biggest gainer of the week, up by 9.41% to close at \$55.8.

Credit Libanais Indices	Closing 29-May-09	Previous 22-May-09	Weekly % Change
Credit Libanais Aggregate Stock Index <.CLASI>	964.05	969.05	-0.52%
Credit Libanais Financial Sector Stock Index <.CLFI>	972.33	969.05	0.34%
Credit Libanais Construction Sector Stock Index <.CLCI>	918.83	938.90	-2.14%



.CLASI Credit Libanais Aggregate Stock Index			
29 - May - 2009			
Value	Daily % Chng	Daily Net Chng	
964.05	1.834%	17.37	
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



LEBANESE EQUITIES								
	Closing	%change	Weekly Volume Traded	Total Outstanding Shares	Market Capitalisation (\$000)	P/E	P/BV	YTD Price Perf.
BEIRUT STOCK EXCHANGE								
Solidere A	\$18.28	-3.79%	197,922	100,000,000	\$1,828,000	13.45	1.65	10.5%
Solidere B	\$18.39	-1.87%	101,307	65,000,000	\$1,195,350	13.53	1.66	10.1%
BLC "C"	\$1.90	0.00%	-	50,900,000	\$96,710	5.43	0.90	0.0%
Banque Audi Listed Shares	\$49.83	4.07%	3,845	34,189,389	\$1,703,657	7.74	0.98	-4.17%
Banque Audi GDR	\$53.55	5.10%	4,159	9,829,902	\$526,391	8.32	1.05	0.2%
Bank Audi Preferred "D"	\$100.40	0.10%	3,750	1,250,000	\$125,500	n.a	n.a	n.a
Bank Of Beirut "C"	\$18.10	-0.55%	1,000	13,535,945	\$245,001	18.21	2.82	-0.82%
Bank Of Beirut Preferred "C"	\$25.00	0.00%	-	2,920,000	\$73,000	n.a	n.a	-1.96%
Bank Of Beirut Preferred "D"	\$25.00	0.00%	4,600	4,000,000	\$100,000	n.a	n.a	n.a
Byblos Bank "C"	\$1.74	-3.87%	124,697	217,112,557	\$377,776	7.11	0.95	8.75%
Byblos Bank Preferred Class 2008	\$99.60	-0.30%	250	2,000,000	\$199,200	n.a	n.a	-0.40%
Byblos Bank Priority	\$1.70	-8.11%	7,000	206,023,723	\$350,240	6.95	0.9	3.66%
BEMO Bank-Listed shares	\$4.70	5.62%	5,000	5,400,000	\$25,380	12.79	1.34	-2.69%
BEMO Bank Preferred	\$100.00	0.00%	-	200,000	\$20,000	n.a	n.a	0.00%
BLOM Bank GDR	\$63.80	-0.31%	4,275	7,389,601	\$471,457	5.82	1.09	-12.42%
BLOM Bank Listed Shares	\$62.50	-3.85%	20,081	21,500,000	\$1,343,750	5.70	1.06	-16.39%
BLOM Bank Preferred "2004"	\$101.00	0.00%	-	750,000	\$75,750	n.a	n.a	0.00%
BLOM Bank Preferred "2005"	\$101.80	0.00%	-	1,000,000	\$101,800	n.a	n.a	0.10%
RYMCO	\$3.15	50.00%	3,400	10,400,000	\$32,760	39.38	2.15	50.00%
Holcim Liban	\$13.71	9.16%	300	19,516,040	\$267,565	258.7	14.43	-13.94%
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	0.00%	-	4,290,000	\$257	-0.24	0.07	0.00%
Uniceramic Bearer "C"	\$0.10	0.00%	39,000	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
GLOBAL DEPOSITORY RECEIPTS								
Solidere	\$18.00	-4.00%		9,091,750	163,652	13.25	1.62	-15.809%
Audi	\$55.80	9.41%		9,687,532	540,564	7.57	1.10	-25.699%
BLOM Bank GDR	\$64.00	0.00%		7,389,601	472,934	5.60	1.17	-28.928%

Activity Analysis

	Last	Previous	% Change
Value Traded	\$8,220,868	\$8,652,179	-4.98%
Volume Traded	520,586	596,368	-12.71%
Market Cap - BSE	\$9,268,181,606	\$9,418,012,428	-1.59%
Market Cap - Intl	\$1,177,150	\$1,137,469	3.49%

Heavy market capitalization-weighted Solidere "A" and "B" shares emerged as the largest contributors (66.96%) to the week's traded value with a turnover ratio of 0.16%. Other active stocks included BLOM Bank and Audi Bank (shares & GDRs), accounting for 18.47% and 9.46% of total weekly traded value respectively.

Lebanon's Economic and Financial Sector Indicators

	2003	2004	2005	2006	2007	2008*	2009*
MACROECONOMIC INDICATORS							
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		
INDUSTRY							
Industrial Exports (\$ Million)	1,438	1,640	1,667	1,738	2,361	2,994	695 ⁽⁴⁾
Import of Industrial Machinery (\$ Million)	109	142	137	130	162.61	187.93	54.07 ⁽⁴⁾
TOURISM							
Arab Tourists Arrivals	438,203	545,150	451,430	456,889	400,082	549,463	122,905 ⁽⁴⁾
Africa Tourists Arrivals	22,398	20,180	16,160	20,541	48,071	34,144	6,136 ⁽⁴⁾
U.S. Tourists Arrivals	120,429	152,075	136,907	129,274	121,596	176,647	27,880 ⁽⁴⁾
Asia Tourists Arrivals	134,164	173,897	177,809	164,053	137,832	181,006	59,674 ⁽⁴⁾
Europe Tourists Arrivals	266,691	338,475	316,083	267,142	277,337	347,495	66,127 ⁽⁴⁾
Others Tourists Arrivals	66,755	48,692	41,135	33,659	32,154	43,796	14,957 ⁽⁴⁾
Total Number of Tourists	1,015,793	1,278,469	1,139,524	1,062,635	1,017,072	1,332,551	297,769
CONSTRUCTION							
Construction Permits (000 sqm)	8,860	9,156	8,254	9,145	7,919	10,760.62 ⁽²⁾	2,548 ⁽⁷⁾
Cement Delivery (000 tons)	2,704	2,729	3,040	3,423	3,944	3,930 ⁽²⁾	
TRANSPORTATION							
Beirut Port Activity							
Freight Activity(000 Tons)	4,767	5,060	4,475	4,226		5,746	1,978 ⁽⁷⁾
Number of Vessels	2,333	2,366	2,230	1,832		2,055	799 ⁽⁷⁾
Number of Containers	115,034	137,492	127,656	119,978		945,100	319,646 ⁽⁷⁾
Beirut Airport Activity							
Number of Planes	34,469	39,023	38,197	32,980	39,050	59,787 ⁽¹⁾	
Number of Passengers	2,718,000	3,200,000	3,180,000	2,739,606	3,408,834	3,869,607	1,278,411 ⁽⁷⁾
FOREIGN TRADE							
Imports (\$ Million)	7,170	9,400	9,342	9,399	11,815	16,137	3,240 ⁽⁴⁾
Exports (\$ Million)	1,524	1,747	1,880	2,281	2,816	3,478	1000 ⁽⁴⁾
Trade Balance (\$ Million)	(5,644)	(7,650)	(7,459)	(7,118)	(8,999)	(12,659)	(2,240) ⁽⁴⁾
Exports/Imports	21.30%	18.60%	20.10%	24.27%	23.83%	21.55%	30.86%
BALANCE OF PAYMENT							
Balance of Payment (\$ Million)	3,386	169	747	2,795	2,036	3,461.50	297.7 ⁽⁴⁾
Foreign Currency Reserves (\$ Billion)	12.18	11.48	11.66	12.97	12.39	19.73	22.84 ⁽⁹⁾
PUBLIC FINANCE							
Government Expenditures (LBP Billion)	10,592	10,540	10,203	11,877	12,587	15,007	4,545 ⁽⁴⁾
Government Revenues (LBP Billion)	6,656	7,514	7,405	7,295	8,749	10,603	2,828 ⁽⁴⁾
Budget Deficit	(3,936)	(3,026)	(2,798)	(4,582)	(3,838)	-4,404	1,717 ⁽⁴⁾
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 ⁽⁴⁾
Debt/GDP	168.53%	167.00%	179.00%	166.73%	171.00%		
MONETARY AGGREGATES & INFLATION							
M1 (LBP Billion)	2,847	3,031	2,952	3,322	3,475	4,151	4,032 ⁽⁸⁾
M2 (LBP Billion)	26,234	25,978	24,465	23,477	24,769	37,240	42,080 ⁽⁸⁾
M3 (LBP Billion)	64,694	71,310	74,446	80,244	90,234	103,439	109,527 ⁽⁸⁾
M4 (LBP Billion)	70,297	74,810	77,771	84,545	95,647	109,321	115,749 ⁽⁸⁾
Consumer Price Index	136.75	102.48	99.63	107.24	113.59	120.81	121.33 ⁽⁴⁾
CPI (%)	3.00%	1.70%	-2.60%	5.60%	9.30%	6.36%	
BANKING SYSTEM							
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 ⁽⁴⁾
Total Deposits (LBP Billion)	73,455	82,691	85,906	97,309	102,598	118,584	122,787 ⁽⁴⁾
Deposits by Private Sector (LBP Billion)	75,852	86,503	89,169	95,730	101,435	117,253	121,358 ⁽⁴⁾
Deposits by Public Sector (LBP Billion)	1,325	1,480	1,705	1,579	1,163	1,331	1,429 ⁽⁴⁾
Total Loans (LBP Billion)	23,758	25,364	26,109	57,123	59,185	70,064	71,108 ⁽⁴⁾
Loans to Private Sector (LBP Billion)	22,836	24,020	24,467	25,930	26,762	31,750	32,342 ⁽⁴⁾
Loans to Public Sector (LBP Billion)	21,006	24,155	26,697	31,193	32,423	38,314	38,766 ⁽⁴⁾
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, (8) As At May 14, 2009, (9) As At Mid May, 2009

Weekly Market Watch

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 29, 2009:

REGIONAL STOCK MARKET INDICES					
Country	Index	Last	Previous	Net Change	% Change
Lebanon	.CLASI	964.05	969.05	(5.00)	-0.52%
Bahrain	.BAX	1,610.48	1,626.20	(15.72)	-0.97%
United Arab Emirates	.ADX	2,659.01	2,612.53	46.48	1.78%
Saudi Arabia	.TASI	5,789.43	6,052.63	(263.20)	-4.35%
Kuwait	.KWSE	8,018.70	7,773.20	245.50	3.16%
Oman	.MSI	5,458.89	5,507.44	(48.55)	-0.88%
Egypt	.CCSI	1,610.48	1,592.41	18.07	1.13%

Source: Reuters

The Egyptian Stock Exchange

On a weekly basis, the Cairo Stock Exchange Index sustained its upturn for a fifth consecutive week, closing 1.13% higher at 1,610.48 last week.

Trading activity on the Egyptian Stock Exchange encompassed some 104,229,515 shares valued at 1,025.10 million Egyptian pounds (\$182.37 million). Among the 10 most heavily traded stocks, *International Co For Investment & Development* was up at 116.89 Egyptian Pounds (\$20.79) followed by *Kafr El Zayat Pesticides* which firmed at 80.78 Egyptian Pounds (\$14.37). On the other hand, *National Investment & Reconstruction* ended in negative grounds, down at 52.00 Egyptian pounds (\$9.25), followed by *National Real Estate Bank for Development* which settled at 38.60 Egyptian Pounds (\$6.87).

THE EGYPTIAN STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap.
TOP FIVE GAINERS				
International Co For Investment & Development	LE 116.89	LE 111.82	4.53%	LE 56,598,222
Kafr El Zayat Pesticides	LE 80.78	LE 79.42	1.71%	LE 158,899,168
Giza General Contracting	LE 54.81	LE 53.92	1.65%	LE 107,840,000
GB AUTO	LE 20.91	LE 20.58	1.60%	LE 2,654,820,000
Misr Conditioning (Miraco)	LE 52.70	LE 51.95	1.44%	LE 779,250,000
TOP FIVE LOSERS				
National Investment & Reconstruction	LE 52.00	LE 64.99	-19.99%	LE 97,485,000
National Real Estate Bank for Development	LE 38.60	LE 42.76	-9.73%	LE 27,812,387
United Arab Shipping	LE 9.28	LE 10.28	-9.73%	LE 514,000,000
National company for maize products	LE 34.06	LE 37.04	-8.05%	LE 814,880,000
El Watany Bank of Egypt	LE 29.41	LE 31.95	-7.95%	LE 3,195,000,000

LE/USD 5.6211
 Source: Egypt Stock Exchange, Credit Libanais Research Unit

The Saudi Stock Exchange

On a weekly basis, the Tadawul All Shares Index reversed momentum, dipping by 4.35% for the week to 5,789.43.

Trading activity included 1,747.57 million shares valued at 41,301.20 million Saudi Riyal (\$11,010.90 million), with the Saudi stock market capitalization attaining 1,106.01 billion Saudi Riyal (\$294.86 billion). Among the 10 most heavily traded stocks, *H B* emerged as the top gainer of the week, up by a significant 23.08% to 40.00 Saudi Riyal (\$10.66), followed by *ATC* which advanced to 149.00 Saudi Riyal (\$39.72). On the other hand, *MMG* topped the losers' list, down by 25.62% to 32.80 Saudi Riyal (\$8.74), followed by *SABB Takaful* slipping to 115.25 Saudi Riyal (\$30.73).

THE SAUDI STOCK EXCHANGE					
Companies	Closing	Previous	% Change	Market Cap.	Million
TOP FIVE GAINERS					
H B	SAR 40.00	SAR 32.50	23.08%	SAR 1,143	
ATC	SAR 149.00	SAR 124.00	20.16%	SAR 1,490	
Shams	SAR 36.40	SAR 32.30	12.69%	SAR 369	
Dar Al Arkan	SAR 26.00	SAR 23.35	11.35%	SAR 18,720	
Industrialization	SAR 21.70	SAR 19.65	10.43%	SAR 9,997	
TOP FIVE LOSERS					
MMG	SAR 32.80	SAR 44.10	-25.62%	SAR 4,100	
SABB Takaful	SAR 115.25	SAR 148.50	-22.39%	SAR 1,153	
ACIG	SAR 63.75	SAR 77.50	-17.74%	SAR 638	
Malath Insurance	SAR 31.20	SAR 37.70	-17.24%	SAR 936	
SALAMA	SAR 64.50	SAR 77.00	-16.23%	SAR 645	
USD/SR	\$0.2666				

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 extended its gaining streak, up by 1.78% for the week to close at 2,659.01.

Trading activity fell to 986,698,438 shares, in comparison with 1,174,781,223 shares the week before. Traded value, however, expanded to 1,775.32 million Dinars (\$483.42 million) up from 1,700.19 million Dinars (\$462.96 million) a week earlier. Among the 10 most heavily traded stocks, *Methaq Takaful Insurance Co.* topped the gainers' list for the second consecutive week, up by a considerable 39.03% to 6.02 Dinars (\$1.64), followed by *Gulf Medical Projects* which settled higher at 3.47 Dinars (\$0.94). On the other hand, *First Gulf Bank* topped the losers' list, slipping by 7.95% to 11.00 Dinars (\$3.00).

The Bahraini Stock Exchange

On a weekly basis, the Bahraini Stock Exchange Index pursued its downturn, losing 0.97% for the week to a session close of 1,610.48, down from 1,626.20 the week before.

Trading activity contracted with some 15,140,167 shares traded, in comparison with 19,616,520 shares a week earlier. *United Gulf Investment Corporation* emerged as the top gainers of the week, up at Bahraini Dinar 0.13 (\$0.34). On the other hand, *Ahli United Bank* fell by 5.26% to \$0.54 (Bahraini Dinar 0.20).

THE ABU DHABI STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap. In AED Billion
TOP FIVE GAINERS				
Methaq Takaful Insurance Co.	AED 6.02	AED 4.33	39.03%	903,000
Gulf Medical Projects	AED 3.47	AED 2.72	27.57%	1,853,250
Gulf Cement Co.	AED 2.62	AED 2.20	19.09%	2,151,274
Oman & Emirates Inv. Holding Co.	AED 1.30	AED 1.15	13.04%	N.A.
Union Cement Co.	AED 2.02	AED 1.80	12.22%	1,352,265
TOP FIVE LOSERS				
First Gulf Bank	AED 11.00	AED 11.95	-7.95%	15,812,500
National Bank of Umm Al-Qaiwain	AED 3.00	AED 3.20	-6.25%	N.A.
Union Insurance Company	AED 3.24	AED 3.45	-6.09%	1,072,243
Finance House	AED 5.15	AED 5.40	-4.63%	1,155,000
Commercial Bank International	AED 2.30	AED 2.40	-4.17%	3,082,035
AED/USD	AED 3.6724			

Source: Abu Dhabi Stock Exchange, Credit Libanais Research Unit

THE BAHRAINI STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap. In BD
TOP FIVE GAINERS				
United Gulf Investment Corporation B.S.C	BD 0.13	BD 0.12	8.33%	26,000,000
Ithmaar Bank	\$0.26	\$0.25	4.08%	229,950,110
General Trading & Food Proc. Co.	BD 0.30	BD 0.29	3.45%	24,202,516
Khaleeji Commercial Bank	BD 0.14	BD 0.13	2.92%	147,942,466
National Bank of Bahrain	BD 0.60	BD 0.58	2.23%	464,227,200
TOP FIVE LOSERS				
Ahli United Bank	\$0.54	\$0.57	-5.26%	973,319,487
Arab Banking Corporation	\$0.61	\$0.64	-4.69%	459,940,000
Nass Corporation BSC	BD 0.21	BD 0.22	-4.46%	47,080,000
Bahrain Islamic Bank	BD 0.28	BD 0.29	-3.45%	204,005,032
Bahrain Cinema Co.	BD 0.86	BD 0.89	-3.37%	39,475,651
USD/BD	\$2.65			

Source: Bahrain Stock Exchange, Credit Libanais Research Unit

Kuwait's Inflation Rate At 3.1% in January

According to the Central Bank, Kuwait's annual inflation rate slowed, for the fifth consecutive month, to 6.8% in January 2009 in comparison with 9% in December. More particularly, the consumer price index reached 135 points in January, posting a moderate 6.80% annual inflation.

Egypt's Economy to Register 4.5% Growth in the Second Quarter of 2009

According to the Finance Minister, Egypt's real GDP growth is expected to hit the 4.5% mark in the second quarter of 2009. The minister also commented that Egypt's economy grew at 4.3% during the first quarter of 2009 in comparison with a 4.1% growth rate in the last quarter of 2008.

Consumer Confidence Index in May 2009

The U.S. Conference Board reported that the U.S. consumer confidence index expanded by 34.56% to 54.9 in May 2009, up from 40.8 in April 2009. May's consumer confidence outpaced U.S. economists' expectations of a lower 43 reading. The report also indicated that 23.1% of consumers expect business conditions to improve, up from 15.7% a month earlier, while the percentage of consumers who expect more jobs rose to 20% in May, up from 14.2% in March.

GDP Growth in the First Quarter of 2009

The U.S. Department of Commerce conveyed a GDP contraction rate of 5.7% (seasonally adjusted) during the first quarter of 2009, up from a negative 6.3% in the fourth quarter of 2008. The first quarter contraction was higher than U.S. economists' consensus estimate of a lower 5.5%. Furthermore, U.S. economists expect the economy to slow by 2% in the second quarter followed by a 1.5% growth in the third quarter.

New Home Sales in April 2009

The U.S. Department of Commerce also conveyed a slight 0.3% expansion in new home sales in April 2009 to a seasonally-adjusted annual rate of 352,000 units, up from the revised 351,000 in March 2009. April's sales lagged behind U.S. economists' expectations of a higher 365,000.

U.S. Treasury Prices

The U.S. 10-year Treasury note prices firmed at 97.19 on Friday with yields expanding to 3.46% up from 3.45% in the preceding week.

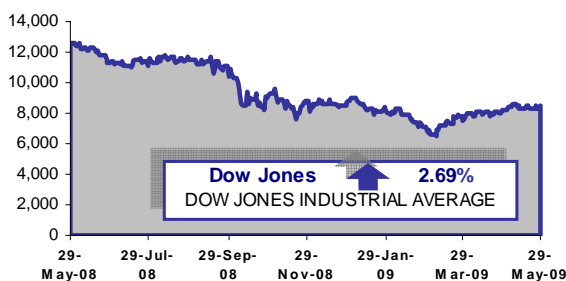
U.S. Market Indices

For the week, all three U.S. indices settled on a positive note for the second consecutive week on Friday, May 29. The Dow Jones Industrial Average rose by 2.69% to a market close of 8,500.33. In parallel, the NASDAQ Composite closed up by 4.87% at 1,774.33, with the S&P500 index gaining 3.62% to close at 919.14.

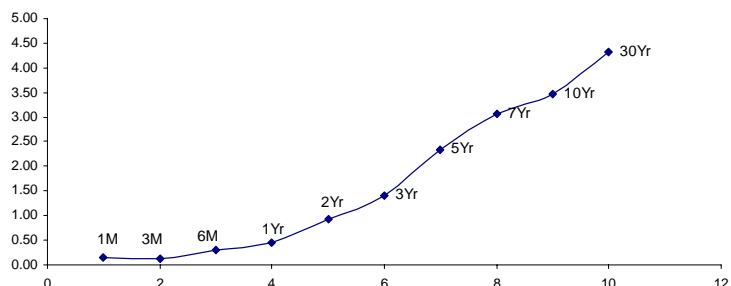
U.S. Market Indices Closing Levels	22-May-09	29-May-09	% Change
Dow Jones Industrial Average	8,277.32	8,500.33	2.69%
Nasdaq Composite Index	1,692.01	1,774.33	4.87%
Standard & Poor 500 Index	887.00	919.14	3.62%
10-Year U.S. T-Bond	3.45%	3.46%	

U.S. Treasury Bills	1M	3M	6M	2Yr	5Yr	10Yr	30Yr
Yield (%)	0.14	0.14	0.29	0.92	2.34	3.46	4.33

Dow Jones Industrial Average



On The Run Yield Curve



CONTACTS

RESEARCH	Fadlo I. Choueiri, CFA	fchoueiri@creditlibanais.com.lb	961-1-200 028	EXT. 235
	Jad Abi Haidar	jabihaidar@creditlibanais.com.lb	961-1-200 028	EXT. 251
	Rim Fayad	rfayad@creditlibanais.com.lb	961-1-200 028	EXT. 230
MONEY MARKETS DESK	Robert Araman	raraman@creditlibanais.com.lb	961-1-200 028	EXT. 116
FX DESK	Christian Hajjar	chajjar@creditlibanais.com.lb	961-1-200 027	
CAPITAL MARKETS DESK	Joe Raad	jraad@creditlibanais.com.lb	961-1-322 191	
	Ghaith Mansour	gmansour@creditlibanais.com.lb	961-1-322 191	

This document is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. This document does not constitute an offer or invitation to subscribe to or purchase any security, and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever.

Reasonable care has been taken to ensure that the facts stated herein are accurate and the estimates, opinions and expectations contained herein are fair and reliable.