

WEEKLY MARKET WATCH

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ECONOMIC RESEARCH UNIT

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UNDP RELEASES ARAB KNOWLEDGE REPORT 2009

The United Nations Development Program (UNDP) published on October 28, 2009 its first issue of the Arab Knowledge Report titled "*Arab Knowledge Report 2009 – Towards Productive Intercommunication of Knowledge*" in which it screens the "state of knowledge" in the Arab World.

IMF REPORT ON THE MIDDLE EAST REGIONAL TECHNICAL ASSISTANCE CENTER (METAC)

According to the IMF's "*Middle East Regional Technical Assistance Center (METAC)*" report dated September 2009, which provides a snapshot on METAC's technical assistance to the Middle East region during the year 2009, technical assistance to Lebanon, measured in terms of person weeks, reached 30.8 in comparison with 315.29 for the entire Middle East region.

BALANCE OF TRADE IN THE THIRD QUARTER OF 2009

Lebanon's Higher Customs Council reported a \$335 million annual expansion in Lebanon's balance of trade deficit to \$9,536 million as at the end of the third quarter of 2009.

BUDGET DEFICIT IN THE THIRD QUARTER OF 2009

Lebanon's fiscal deficit (budgetary & treasury) expanded to \$2.22 billion in the first nine months of 2009 from \$2.01 billion in the same period last year.

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EGYPT'S BUDGET DEFICIT FOR THE PERIOD 2009/2010

According to Egyptian Government sources, Egypt's budget deficit is projected to widen to 9% to 10% of GDP in the 2009/2010 up from 6.9% in the current year owing to the government's stimulus plan.

NEW HOME SALES IN SEPTEMBER 2009

The U.S. Department of Commerce reported a 3.6% drop in new home sales in September 2009 to a seasonally-adjusted annual rate of 402,000 units.

"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
"EIU"	Economist Intelligence Unit
"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

"Y-O-Y"	Year-On-Year
"GDP"	Gross Domestic Product
"MENA"	Middle East and North Africa
"FOMC"	Federal Open Market Committee
"LE"	Livre Egyptienne – Egyptian Pound
"SAR"	Saudi Arabian Riyal
"AED"	United Arab Emirates Dirham
"BD"	Bahraini Dinar

UNDP RELEASES ARAB KNOWLEDGE REPORT 2009

The United Nations Development Program (UNDP) published on October 28, 2009 its first issue of the Arab Knowledge Report titled “Arab Knowledge Report 2009 – Towards Productive Intercommunication of Knowledge” in which it screens the “state of knowledge” in the Arab World. The report classified Lebanon within the category of countries having the highest “school life expectancy” with the average number of school years extending to the start of tertiary education. As for “opportunities for basic knowledge capital formation in children through education”, being the average of the index scores of four criteria, namely enrolment rate, net enrolment rate in primary education, gross enrolment ratio in upper stage of basic education and ratio of expected school years to age 18, the report assigned Lebanon a score of 79.3% as compared to an average of 76.67% in the Arab world. Furthermore, Lebanon ranks 2nd in terms of tertiary education enrolment rate with Libya being 1st and Jordan and Egypt ranking 3rd and 4th respectively. In terms of readiness of Arab countries to adopt e-government applications, Lebanon ranked 74th globally among 170 countries in 2008. Moreover, the report noted that the rate of Lebanese researchers is 200 per million inhabitants in comparison with 492 in Tunisia and 280 in Jordan, with government spending on research accounting for a mere 0.2% of GDP in the year 2006. In terms of scientific publications, Lebanon ranked 7th among 16 countries in 2005, with a total of 234 scientific publications as compared to an aggregate of 4,859 scientific publications in covered Arab Countries. The UNDP’s latest knowledge economy index ranks Lebanon 8th among 16 Arab countries and 68th worldwide. As for the World Bank Education and Human Resources Index, Lebanon positioned 5th among 16 Arab countries with a score of 4.76 as compared to an average score of 3.96 for MENA region and 4.16 for the World. The report further highlighted that 22% of lessons in basic education are devoted to foreign languages, 20% for the Arabic language, 16% and 15% for mathematics and science. In addition, the report outlines that 25,700 Lebanese students graduated in 2005 with the bulk (44%) concentrated in social sciences, law, and business administration, followed by literature and arts (16%) and engineering (13%).

Number of scientific articles published in the Arab World (1998-2007) (Score)							
	Environment and Agriculture	Public Health and Biology	Basic Sciences	Energy Sciences	Engineering and Industrial Sciences	Total	N. of Articles per 1 million Inhabitants (2005)
Lebanon	160	158	83	201	53	655	347.3
Arab World	3,470	960	2,078	6,593	981	14,082	n.a.
% of Total	4.61%	16.46%	3.99%	3.05%	5.40%	4.65%	n.a.

Readiness of Arab Countries to Adopt e-government Applications					
	Index 2005	Index 2008	Rank 2005	Rank 2008	Change in Ranking 2005-2008
Lebanon	0.456	0.484	71	74	-3
World	0.427	0.451	-	-	-

Knowledge Economy Index (Rank Among 135 countries)						
	Economic Incentives and Institutional Regime	Innovation System	Education and Human Resources	Information and communication Technology	knowledge Economy Index	Difference between the highest and lowest pillar
Lebanon	69	68	72	62	68	10

World Bank Economic Incentive and Institutional Regime Index (Score)			
	Most Recent	1995	Change
Lebanon	4.7	4.36	0.34
MENA	4.63	4.4	0.23
World	5.18	4.87	0.31

World Bank Education and Human Resources Index (Score)			
	Most Recent	1995	Change
Lebanon	4.76	5.84	-1.08
MENA	3.69	3.97	-0.28
World	4.16	4.85	-0.66

World Bank Innovation System Index (Score)			
	Most Recent	1995	Change
Lebanon	4.69	4.19	0.5
MENA	4.31	4.64	-0.33
World	8.01	8.18	-0.17

Source: UNDP, Arab Knowledge Report 2009 - Credit Libanais Economic Research Unit

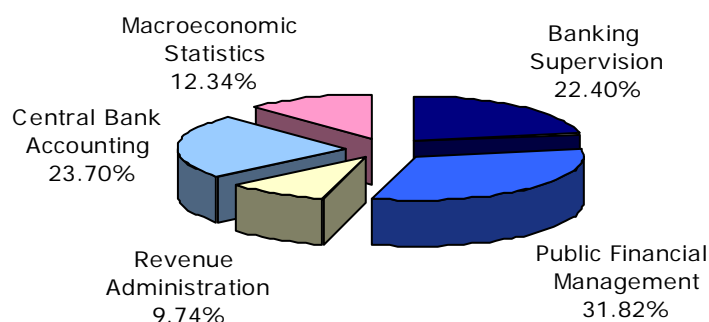
IMF REPORT ON THE MIDDLE EAST REGIONAL TECHNICAL ASSISTANCE CENTER (METAC)

According to the IMF's "Middle East Regional Technical Assistance Center (METAC)" report dated September 2009, which provides a snapshot on METAC's technical assistance to the Middle East region during the year 2009, technical assistance to Lebanon, measured in terms of person weeks, reached 30.8 in comparison with 315.29 for the entire Middle East region. The bulk of the technical assistance to Lebanon was allocated towards "Public Financial Management", constituting alone around 31.82% (9.8 person weeks) of total assistance, followed by "Central Bank Accounting", "Banking Supervision", "Macroeconomic Statistics" and "Revenue Administration", at respective rates of around 23.70% (7.3 person weeks), 22.40% (6.9 person weeks), 12.34% (3.8 person weeks) and 9.78% (3 person weeks) of total METAC's assistance to Lebanon. It is worth noting that Syria topped the list of countries in the Middle East region receiving METAC's technical assistance, with a share of 21.94%, followed by Sudan (11.17%), West Bank & Gaza (9.98%) and Lebanon (9.77%), occupying second, third and fourth place respectively.

<i>in Person Weeks</i>	Banking Supervision	Public Financial Management	Revenue Administration	Central Bank Accounting	Macroeconomic Statistics	Total	% of Total
Countries							
Afghanistan	4	6.8	1.2	3.2	8.93	24.13	7.65%
Egypt	0	5.4	0	0	2.93	8.33	2.64%
Iraq	4.6	0	0	12.6	1.53	18.73	5.94%
Jordan	3.5	9.4	5.2	2.78	3.45	24.33	7.72%
Lebanon	6.9	9.8	3	7.3	3.8	30.8	9.77%
Libya	6	0	5.2	4.63	11.53	27.36	8.68%
Sudan	9.1	2.7	5.2	4.18	14.05	35.23	11.17%
Syria	7.3	5.35	27	22.1	7.43	69.18	21.94%
West Bank & Gaza	6.2	12.43	0	9.15	3.68	31.46	9.98%
Yemen	3.8	0.2	10.7	6.7	8.8	30.2	9.58%
Regional Activities	1.6	3.4	2.9	2	5.68	15.58	4.94%
Total	53	55.48	60.4	74.63	71.78	315.29	100.00%

Source: IMF, Middle East Regional Technical Assistance Center (METAC) Report

Breakdown of IMF's Technical Assistance to Lebanon in 2009



MEA PRESIDENT PROJECTS PROFITS TO SURPASS THE \$100 MILLION LEVEL

According to the Lebanese press, Middle East Airlines (MEA) President Mr. Mohammad El Hout projected company profits to post an all time high and surpass the \$100 million mark backed by a strong tourism season and an expansion in the company's fleet. In this perspective, Mr. El Hout unveiled that MEA will receive two new Airbus planes in 2010 (one in May and the other one in June) and another in 2011. Finally, Mr. El Hout announced that MEA will resume direct flights to Baghdad at a rate of four weekly flights to the Iraqi capital.

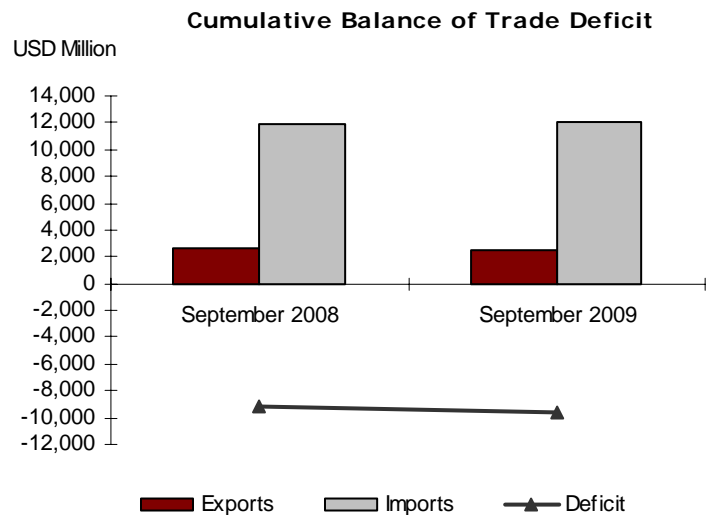
BALANCE OF TRADE IN THE THIRD QUARTER OF 2009

On the current account side of the balance of payment, Lebanon's Higher Customs Council conveyed a \$335 million annual expansion in Lebanon's balance of trade deficit to \$9,536 million as at the end of the third quarter of 2009. Total exports fell by 7.15% to \$2,454 million, accompanied by a 1.23% rise in imports to \$11,990 million.

On a monthly basis, Lebanon's balance of trade deficit tightened by 20.67% to \$952 million in September in comparison with \$1,200 million in August. Imports fell by 2.11% in September to \$1,251 million down from \$1,439 million in August. Exports, on the other hand, rose by 24.27% to \$297 million in September, up from \$239 million in the month of August.

Balance of Trade (US\$ Million)	For The Nine-Month Period Ending		YOY
	September 2008	September 2009	% Change
Exports	2,643	2,454	-7.15%
Imports	11,844	11,990	1.23%
Trade Deficit	(9,201)	(9,536)	3.64%

Source: Higher Customs Council



Major Export Destinations		
Switzerland	\$511 million	21.00%
UAE	\$239 million	10.00%
Iraq	\$214 million	9.00%
Saudi Arabia	\$182 million	7.00%
Syria	\$159 million	6.00%

Source: Higher Customs Council

Major Import Sources		
France	\$1,247 million	10.00%
United States	\$1,206 million	10.00%
China	\$1,066 million	9.00%
Germany	\$920 million	8.00%
Italy	\$884 million	7.00%

Source: Higher Customs Council

France led the list of exporting countries to Lebanon with total exports aggregating to \$1,247 million up to September (10% of total imports), while Switzerland topped the list of importing countries for a total consideration of \$511 million (21% of total exports).

BUDGET DEFICIT IN THE THIRD QUARTER OF 2009

On the public finance front, Lebanon's fiscal deficit (budgetary & treasury) expanded to \$2.22 billion in the first nine months of 2009 from \$2.01 billion in the same period last year. The primary surplus rose by 16.50% to \$693.20 million compared to a surplus of \$595.02 million a year earlier. Government revenues rose markedly by 24.12% to \$6.27 billion, counterbalanced by some 20.26% increase in government expenditures (including debt service) to \$8.49 billion. The increase in expenditures was mainly attributed to a \$366.83 million rise in interest payments coupled with a \$35.16 million increase in spending on Electricité Du Liban "EDL". The deficit to total expenditures' ratio, however, was tamed down to 26.18%, from 28.49% a year earlier.

Public Finance (USD Million)	For the Nine-Month Period Ending		YOY
	September 2008	September 2009	% Change
Revenues	5,050	6,268	24.12%
Expenditures (including debt servicing)	7,061	8,491	20.26%
Debt Servicing	2,606	2,917	11.91%
Total Deficit	(2,011)	(2,223)	10.52%
Deficit / Total Expenditures	28.49%	26.18%	

Source: The Lebanese Ministry of Finance

LEBANESE MINISTER OF FINANCE PROJECTS REVENUES AT \$8.56 BILLION IN 2010

According to the Lebanese press, the Lebanese Minister of Finance Mr. Mohammad Chatah recently uncovered that the 2010 budget law sets an early estimate for budget revenues at LBP 12,900 billion (\$8.56 billion) compared to some LBP 11,350 billion (\$8.96 billion) budget revenues for the year 2009. The Minister further commented that the 13.65% implied increase in revenues will mainly stem from a rebound in economic activity rather than being a factor of an increase in excises and taxes. In this perspective, the Minister highlighted that Lebanon's real GDP growth is projected to reach 7% in 2009, outpacing as such, and by far, earlier estimates which centered on much lower estimates. Mr. Chatah also pointed out that the balance of payment's healthy surplus (in excess of LBP 1,000 billion in the first nine months of 2009) signals an important step towards tackling the piling debt issue. Finally Mr. Chatah indicated that the debt to GDP ratio is on the decline and is expected to fall to around 150-155% down from a much higher 180% ratio previously aided by much lower interest rates on newly issued government treasury bills and eurobonds reflecting the high confidence in the Lebanese economy.

CENTRAL BANK GOVERNOR DISCUSSES INVESTMENT OPPORTUNITIES WITH A GROUP OF AMERICAN INVESTORS

According to the Lebanese press, the Central Bank Governor Mr. Riad Salameh, and during a meeting with a group of American investors seeking investment opportunities in Lebanon, announced that the Lebanese banking sector is now stronger than ever and promised to pursue the prudent policy which immunized the banking sector against major crises. The Governor also stressed on the importance of protecting investors' deposits, representing around 300% of GDP, and highlighted that Lebanese banks are not exposed to the so-called "toxic assets" on their balance sheet. Moreover, Mr. Salameh pinpointed a set of indicators that help promote the investment climate in Lebanon of which the governor mentioned:

- ✓ No bankruptcies were declared in the Lebanese banking sector in 2009
- ✓ Thirty banks withdrew from the market in Lebanon without any reported losses on depositors
- ✓ Middle East Airlines reported profits of \$100 million with plans to go public in the due course
- ✓ The Lebanese Pound is strong and stable, with interest rates on the decline
- ✓ Lebanon never defaulted and keeps on honoring its debt payments
- ✓ Loans to real estate projects are capped at 60% of the total value of the project

BANK OF BEIRUT ANNOUNCES CAPITAL INCREASE

According to a Beirut Stock Exchange circular dated October 26, 2009, Bank of Beirut's extraordinary general assembly meeting which was convened on September 18, 2009 announced that the Bank's paid-up capital was raised to LBP 68.60 billion (\$45.51 million) pursuant to the issuance of "Class F" Preferred shares, up from LBP 65.00 billion (\$43.12 million) previously.

AUDI BANK'S FINANCIAL PERFORMANCE IN THE THIRD QUARTER OF 2009

Audi Bank published its un-audited financial statements last week unveiling a 17.80% annual increase in net after tax profits to \$212.75 million in the first nine months of 2009, up from \$180.62 million a year earlier. The Bank's net interest income was down at \$310.99 million in comparison with \$311.49 million a year earlier. Concurrently, net commission income fell by 0.87% to \$107.47 million. Nevertheless, the bank's net operating income ended the third quarter up at \$516.92 million, owing mainly to a 65.00% increase in net gain on financial investments to \$29.24 million. On the balance sheet front, Audi Bank's total consolidated assets reached \$24.67 billion, up from \$20.41 billion in the last quarter of 2008. The Bank's customer deposits rose by 23.79% to \$21.13 billion with customer loans exceeding the \$6.5 billion mark.

BYBLOS BANK'S FINANCIAL PERFORMANCE IN THE THIRD QUARTER OF 2009

Byblos Bank posted some 21.34% annual increase in net after tax profits to \$95.95 million as at the end of the third quarter of 2009, up from \$79.07 million a year earlier. The Bank's net interest income gained a significant 10.60% momentum to \$184.43 million, in comparison with \$166.76 million in the nine months of 2008. Concurrently, net commission income was up by 7.28% to \$57.42 million. Consequently, the bank's net operating income rose by 14.19% to \$253.99 million as at the end of September 2009. On the balance sheet front, Byblos Bank's total consolidated assets broadened by 16.10% to \$13.04 billion as at end of September 2009, up from \$11.23 billion as at end of 2008. The Bank's customer deposits followed suit, gaining 18.47% to \$9.82 billion. In parallel, the Bank's customer loans advanced to \$2.94 billion, up from \$2.78 billion in December 2008.

BANK OF BEIRUT'S FINANCIAL PERFORMANCE IN THE THIRD QUARTER OF 2009

Bank of Beirut released its third quarter un-audited financial statements last week reporting a 4.00% expansion in net profits to \$50.90 million as at the end of September 2009 from \$48.94 million during the same period last year. The Bank's net interest income fell by 4.44% to \$75.07 million, while net commission income rose by 2.19% to \$28.61 million. The Bank's net operating income ended the third quarter of 2009 up at \$123.59 million, from \$116.26 a year earlier. On the balance sheet front, Bank of Beirut's total assets expanded by 15.30% to \$6.42 billion, up from \$5.60 billion in September 2008. Concurrently, customer deposits widened by 16.65% to \$4.44 billion, with customer loans reaching \$1.53 billion.

BEMO BANK'S FINANCIAL PERFORMANCE IN THE THIRD QUARTER OF 2009

Banque Européenne Pour le Moyen-Orient (BEMO Bank) posted an annual 12.28% increase in net after tax profits to \$6.81 million as at the end of the third quarter of 2009, from \$6.06 million during the same period in 2008. This is in part attributed to some 9.65% increase in net financial revenues to \$19.54 million coupled with a 55.94% rally in income from participation under the equity method to \$2.84 million. The Bank's net interest income, however, fell by 15.20% to \$10.41 million, while net commission income slipped by 2.36% to \$3.71 million. On the balance sheet side, BEMO Bank's total consolidated assets grew by 24.71% to \$1.13 billion by the end of the third quarter of 2009, from \$909.71 million as at year-end 2008. Concurrently, the Bank's customer deposits rose by 23.93% to \$880.43 million, with customer loans reaching \$397.65 million, up from \$356.12 million in 2008.

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MONETARY AGGREGATES

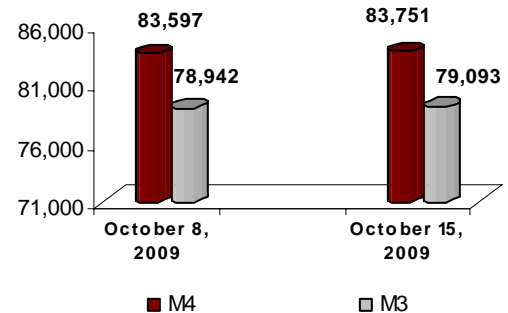
On the monetary front, the overall money supply "M4" rose by \$154 million on a weekly basis to \$83.75 billion during the week of October 15, 2009, in part attributed to some \$2.65 billion rise in non-banking sector Treasury bills.

Money Supply USD Million	October 8, 2009	October 15, 2009	% Change
M1	2,968	2,909	-1.97%
M2	31,663	31,774	0.35%
M3	78,942	79,093	0.19%
M4	83,597	83,751	0.18%
M3-M2	47,279	47,318	0.08%

Source: Banque Du Liban, Credit Libanais Economic Research Unit

Lebanese-pound denominated deposits and currency in circulation "M1", however, fell by 1.97% to \$2.91 billion owing to a \$62.35 million contraction in money in circulation outweighing the \$3.98 million rise in demand deposits. On the other hand, local currency term deposits, "M2", gained a slim 0.35% for the week and a considerable 40.61% on an annual basis to \$31.77 billion. As a result, private sector term and saving deposits denominated in LBP ("M2-M1") appreciated by \$170 million to \$28.87 billion. Concurrently, deposits denominated in foreign currencies, ("M3 – M2"), rose by a shy 0.08% to \$47.32 billion, up from \$47.28 billion in the previous week.

Money Supply - USD Million -

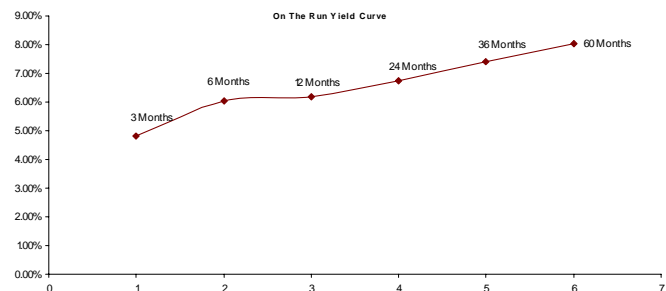


Monetary Performance

MONEY MARKETS

On the money market front, the October 22nd Treasury bill auction raised LBP 980.073 billion, up from LBP 299.965 billion the week before. The auction resulted with a surplus over nominal subscriptions of LBP 287.794 billion in comparison with a surplus of LBP 285.388 billion in the preceding week.

The bulk of the subscriptions was concentrated in the three-year to maturity T-bills, constituting alone around 53.49% of total aggregate subscriptions, followed by the one-year and two-year to maturity securities, representing around 26.70% and 19.81% of weekly subscriptions respectively.



October 22 Auction			October 15 Auction		
Lebanese Treasury Bills	Face Value (in billions of LBP)	% of Total Face Value	Lebanese Treasury Bills	Face Value (in billions of LBP)	% of Total Face Value
12 Months	261.694	26.70%	3 Months	3.381	1.13%
24 Months	194.184	19.81%	6 Months	129.904	43.31%
36 Months	524.195	53.49%	60 Months	166.680	55.57%
Total	980.073	100.00%	Total	299.965	100.00%

Source: Reuters, Credit Libanais Economic Research Unit

Certificates Of Deposits	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	4.80%	6.03%	6.17%	6.74%	7.42%	8.04%

FOREIGN EXCHANGE

Domestically, demand for the Lebanese Pound continued to bolster as a result of increasing confidence in the Lebanese economy and the appealing interest rate differential over the U.S. Dollar. The inter-bank trading range hovered between LBP 1,500.5 and LBP 1,501.5 with the Lebanese Central Bank intervening at the 1,501.0 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 65.31% as at end of August 2009.

On the foreign exchange front, the U.S. dollar and the Japanese Yen appreciated against major foreign currencies last week, as investors' concerns about economic recovery fueled demand for "safe haven" currencies.

In mid Friday session, the Euro fell by 0.11% against the U.S. Dollar for the day to \$1.4715 after having hovered between \$1.4701 and \$1.4858. On a weekly basis, the Euro depreciated by 1.90% to \$1.4715. The initial support level was reset at \$1.4777 with the resistance level readjusted at \$1.4870.

The U.S. Dollar, however, headed south against the Japanese Yen, losing 2.13% for the week to a market close of 90.08 Yen. The Dollar traded between a range of 89.90 and 91.57 against the Yen on Friday, ending the day at 90.08 Yen. The initial support level was revised to 89.97 Yen with the resistance level reset at 91.85 Yen.

Concurrently, the Sterling Pound (GBP) depreciated by 0.86% against the U.S. Dollar for the week. The British Pound was trading between \$1.6406 and \$1.6578, ending the week at \$1.6446 in New York session. The initial level support was revised to \$1.6460 with the resistance level readjusted to \$1.6599.

Major Currencies	Last	Previous	% Change	Major Currencies	Last	Previous	% Change
EUR/USD	1.4715	1.5000	-1.90% ↓	USD/LBP	1,507.5	1,507.5	0.00% ↔
GBP/USD	1.6446	1.6305	0.86% ↑	EUR/LBP	2,237.3	2,265.2	-1.23% ↓
USD/JPY	90.08	92.04	-2.13% ↓	CAD/LBP	1,411.8	1,432.0	-1.41% ↓
USD/CHF	1.0184	1.0041	1.42% ↑	CHF/LBP	1,481.6	1,497.8	-1.08% ↓
USD/CAD	1.0672	1.0469	1.94% ↑	GBP/LBP	2,490.7	2,478.8	0.48% ↑

Gold & Silver (in USD)				World Interest rates levels						
Gold kg 995	Ounce	Kg	Ounce	Period	USD	GBP	CHF	JPY	CAD	EUR
33,593.54	1,044.90	524.05	16.30	O/N	0.1000	0.3900	0.0100	0.0100	0.1500	0.2500
				1 Month	0.2100	0.3800	0.0100	0.0700	0.1900	0.3300
				3 Months	0.2300	0.4700	0.1700	0.2500	0.4000	0.6400
				6 Months	0.4400	0.7000	0.3700	0.4200	0.6500	0.8900
				1 Year	1.3000	1.0900	0.5800	0.5300	1.0500	1.1700
				5 Years	2.3134	2.7120	1.2570	0.6800	2.6820	2.4180
				10 Years	3.3884	3.6220	2.0530	1.4150	3.4220	3.2160
				30 Years	4.2289	4.1160	2.6800	2.2850	3.9220	3.9670

Source: Banque du Liban, Credit Libanais Forex Department, Reuters

FIXED INCOME

On the Lebanese Eurobond front, Republic Of Lebanon Eurobond prices prolonged their upturn propelled by a vivid demand that continued to outpace supply as investors are awaiting the new ROL Eurobond issue. Spreads tightened to 327.00 basis points during the week ended Friday October 30, 2009 down from 340.60 the week before.

LEBANESE EUROBONDS

Lebanese Eurobonds	Currency	Coupon	Maturity	Issue	Spread	Bid	Ask	Bid Yield	Bid Spread
Government Eurobonds									
Republic of Lebanon	USD	7.130%	Mar-10	370		101.500	102.500	3.168%	302
Republic of Lebanon	USD	7.880%	May-11	366		105.750	106.750	4.028%	301
Republic of Lebanon	USD	7.500%	Aug-11	-		105.750	106.750	4.073%	306
Republic of Lebanon	USD	7.500%	Mar-12	-		106.250	107.250	4.700%	313
Republic of Lebanon	USD	7.750%	Sep-12	385		107.500	108.500	4.925%	348
Republic of Lebanon	USD	9.130%	Mar-13	-		112.000	113.000	5.221%	293
Republic of Lebanon	USD	8.630%	Jun-13	478		111.000	112.000	5.263%	281
Republic of Lebanon	USD	7.380%	Apr-14	-		106.625	107.625	5.671%	323
Republic of Lebanon	USD	9.000%	May-14	515		112.500	113.500	5.808%	336
Banque Du Liban	USD	10.000%	Apr-15	625		116.000	117.000	6.488%	404
Republic of Lebanon	USD	8.500%	Aug-15	-		110.000	111.000	6.397%	395
Republic of Lebanon	USD	8.500%	Jan-16	-		110.000	111.000	6.516%	303
Republic of Lebanon	USD	11.630%	May-16	647		124.750	125.750	6.863%	346
Republic of Lebanon	USD	9.000%	Mar-17	-		114.500	115.500	6.497%	301
Republic of Lebanon	USD	8.250%	Apr-21	-		109.500	110.500	7.028%	354
Republic of Lebanon	EUR	5.880%	Apr-12	-		101.500	102.500	5.200%	387

Source: Credit Libanais Capital Markets

YIELD - SPREAD EVOLUTION

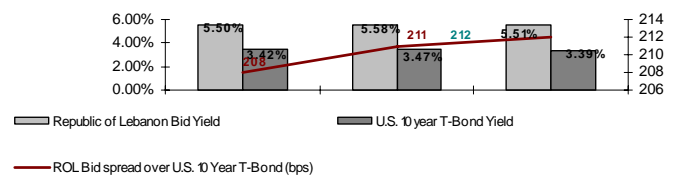
	Friday - October 16 2009	Friday - October 23 2009	Friday - October 30 2009
Republic of Lebanon Bid Yield	5.50%	5.58%	5.51%
Republic of Lebanon Bid Spread (bps)	340.64	340.60	327.00
U.S. 10 year T-Bond Yield	3.42%	3.47%	3.39%
ROL Bid spread over U.S. 10 Year T-Bond (bps)	208.00	211.00	212.00

Source: Credit Libanais Economic Research Unit

As portrayed by the table above, Republic of Lebanon (ROL) bid spreads over the U.S 10 year T-Bond inched slightly higher to 212 bps, up from 211 bps a week earlier.

ROL bid spreads tightened to 327.00 bps down from 340.60 bps in the previous week and 340.64 two weeks earlier, further alleviating the pressure on ROL bond prices.

Yield - Spread Evolution



LEBANESE EQUITIES

Activity on the Beirut Stock Exchange bounced back last week with 1,573,247 shares changing hands, in comparison with 922,049 shares in the preceding week as investors are awaiting the formation of the Lebanese government.

The Credit Libanais Aggregate Stock Index (CLASI) prolonged its upturn for a fourth consecutive week, closing up by 0.75% to 1,333.23 by the end of the week. This owes to the gains spotted in the prices of heavy market-capitalized Solidere "A & B" and Byblos Bank listed shares and GDRs.

Seven gainers and four losers were spotted throughout the week, increasing market capitalization by a slim 0.76% to \$12.60 billion, from \$12.50 billion a week earlier. Value traded, however, plunged by 44.09% to \$16.12 million, down from \$28.83 million a week ago.

On the real estate and construction front, the prices of Solidere "A & B" shares rose by 0.27% and 0.62% respectively. The Credit Libanais Construction Sector Stock Index (CLCI) weighed in favor of the gaining real estate stocks, closing up by 1.00% at 1,340.84.

In the Banking sector, Byblos Bank's listed shares and GDRs led the weekly trades with 1,084,035 shares. The Credit Libanais Financial Sector Stock Index ended the week on a positive note, up by 0.36% to 1,279.80.

On the international scene, the BLOM Bank GDR was the sole loser of the week, closing down by 2.11% at \$88.00.

Credit Libanais Indices	Closing 30-Oct-09	Previous 23-Oct-09	Weekly % Change
Credit Libanais Aggregate Stock Index <.CLASI>	1,333.23	1,323.37	0.75%
Credit Libanais Financial Sector Stock Index <.CLFI>	1,340.84	1,327.55	1.00%
Credit Libanais Construction Sector Stock Index <.CLCI>	1,279.80	1,275.25	0.36%

Source: Credit Libanais Economic Research Unit

Credit Libanais Aggregate Stock Index Weekly Performance CLASI



.CLASI Credit Libanais Aggregate Stock Index 30 - Oct - 2009			
Value	Daily % Chng	Daily Net Chng	
1,333.23	-0.589%	-7.90	
Yr.High	Year Hi.Date	Yr.Low	Year.Lo.Date
1,347.51	21-Oct-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

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	\$26.35	0.27%	295,906	100,000,000	\$2,635,000.00	23.79	2.34	59.3%
Solidere B	\$26.16	0.62%	174,236	65,000,000	\$1,700,400.00	23.62	2.32	56.6%
BLC "C" Bank	\$1.60	0.00%	-	50,900,000	\$81,440.00	4.57	0.76	-15.8%
Banque Audi Listed Shares	\$74.80	-0.80%	2,025	34,189,389	\$2,557,366.30	9.99	1.39	43.85%
Banque Audi GDR	\$85.35	0.29%	7,256	9,829,902	\$838,982.14	11.40	1.58	59.7%
Bank Audi Preferred "D"	\$100.50	-0.10%	40	1,250,000	\$125,625.00	n.a	n.a	n.a
Bank Of Beirut "C"	\$18.55	0.00%	-	14,949,792	\$277,318.64	26.88	2.70	1.64%
Bank Of Beirut Preferred "C"	\$25.96	0.00%	-	2,920,000	\$75,803.20	n.a	n.a	1.80%
Bank Of Beirut Preferred "D"	\$26.00	0.00%	-	4,000,000	\$104,000.00	n.a	n.a	n.a
Byblos Bank "C"	\$2.05	6.77%	518,180	217,112,557	\$445,080.74	7.32	1.10	28.13%
Byblos Bank Preferred Class 2008	\$100.00	0.00%	1,290	2,000,000	\$200,000.00	n.a	n.a	0.00%
Byblos Bank Priority	\$2.03	4.10%	564,165	206,023,723	\$418,228.16	7.25	1.1	23.78%
Byblos Bank GDR	\$92.00	8.24%	400	1,033,042	\$95,039.86	6.57	1.0	15.00%
BEMO Bank-Listed shares	\$4.55	0.00%	-	5,400,000	\$24,570.00	9.10	1.24	-5.80%
BEMO Bank Preferred	\$100.00	0.00%	-	200,000	\$20,000.00	n.a	n.a	0.00%
BLOM Bank GDR	\$87.85	-2.87%	4,474	7,389,601	\$649,176.45	7.25	1.41	20.59%
BLOM Bank Listed Shares	\$85.00	3.66%	2,000	21,500,000	\$1,827,500.00	7.01	1.37	13.71%
BLOM Bank Preferred "2004"	\$101.00	0.00%	-	750,000	\$75,750.00	n.a	n.a	0.00%
BLOM Bank Preferred "2005"	\$101.50	0.00%	833	1,000,000	\$101,500.00	n.a	n.a	-0.20%
RYMCO	\$3.15	0.00%	-	10,400,000	\$32,760.00	39.38	2.15	50.00%
Holcim Liban	\$13.01	-0.38%	2,442	19,516,040	\$253,903.68	13.0	1.28	-18.33%
Ciment Blancs Bearer	\$3.15	0.00%	-	6,000,000	\$18,900.00	8.75	1.82	50.72%
Ciment Blancs Nominal	\$0.50	0.00%	-	3,000,000	\$1,500.00	1.39	0.29	-73.68%
Uniceramic Nominal "A"	\$0.06	0.00%	-	4,290,000	\$257.40	n.a	0.06	0.00%
Uniceramic Bearer "C"	\$0.10	0.00%	-	8,580,000	\$858.00	n.a	0.10	-94.12%
Beirut Preferred Fund	\$106.20	0.00%	-	325,756	\$34,595.29	n.a	n.a	n.a
GLOBAL DEPOSITORY RECEIPTS								
Solidere	\$26.30	1.51%	-	9,091,750	239,113	19.35	2.37	23.012%
Audi	\$88.00	2.80%	-	9,687,532	852,503	11.94	1.73	17.177%
BLOM Bank GDR	\$88.00	-2.11%	-	7,389,601	650,285	7.71	1.60	-2.277%

Source: Beirut Stock Exchange, Credit Libanais Economic Research Unit

Activity Analysis

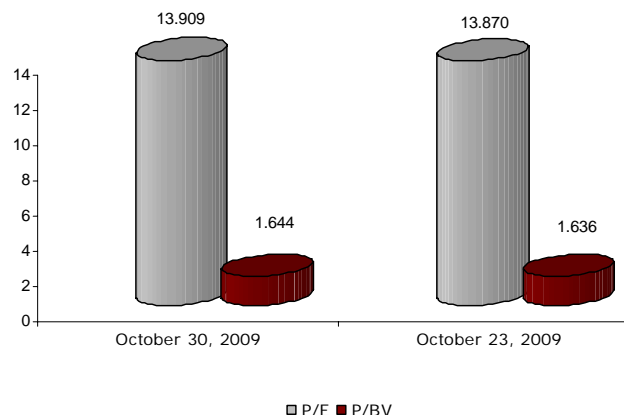
	Last	Previous	% Change
Value Traded	\$16,121,651	\$28,834,783	-44.09%
Volume Traded	1,573,247	922,049	70.63%
Market Cap - BSE	\$12,597,192,853	\$12,501,724,852	0.76%
Market Cap - Intl	\$1,741,900.73	\$1,729,145.11	0.74%

Source: Beirut Stock Exchange, Credit Libanais Economic Research Unit

Heavy market capitalization-weighted Solidere "A" and "B" shares emerged as the largest contributors (76.67%) to the week's traded value with a turnover ratio of 0.28%. Other active stocks included Byblos Bank and Audi Bank (shares & GDRs), accounting for 14.29% and 4.85% of total weekly traded value respectively.

The weighted average P/E and P/Bv ratios of the Beirut Bourse appreciated to 13.91 and 1.65 respectively in comparison with 13.87 and 1.64 during the preceding week. This owes particularly to the capital gains in the prices of listed banking stocks.

Evolution of Beirut Bourse Comparable Benchmarks



Recap of Lebanon's Major Indicators							
	2003	2004	2005	2006	2007	2008	2009
MACROECONOMIC INDICATORS							
GDP (\$ Million)	19,795	21,465	21,861	22,438	25,047	28,942	31,298*
Real GDP Growth Rate	4.14%	7.45%	1.10%	0.60%	7.50%	8.50%	7.00%*
GDP Per Capita (\$)	5,559	5,949	5,988	6,059.88*	6,677*	7,616.62*	8,131.6*
Net Foreign Direct Investment (\$ Million)	2,997	1,993	2,624	2,675	2,731	3,606	N.A
FDI/GDP Ratio	15.14%	9.28%	12.00%	11.92%	10.90%	12.46%	N.A
INDUSTRY							
Industrial Exports (\$ Million)	1,087	1,467	1,667	1,738	2,361	2,994	1,516 ⁽⁴⁾
Industrial Exports/Total Exports Ratio	71.33%	83.97%	88.67%	76.13%	83.84%	86.08%	75.69%
Import of Industrial Machinery (\$ Million)	109	142	137	130	163	188	120 ⁽⁴⁾
Import of Industrial Machinery/Total Imports Ratio	1.52%	1.51%	1.47%	1.38%	1.38%	1.17%	1.29%
TOURISM							
Arab Tourists Arrivals	438,203	545,150	451,430	456,889	400,082	549,463	609,781 ⁽⁵⁾
U.S. Tourists Arrivals	120,429	152,075	136,907	129,274	121,596	176,647	191,271 ⁽⁷⁾
Asia Tourists Arrivals	134,164	173,897	177,809	164,053	137,832	181,006	202,498 ⁽⁷⁾
Europe Tourists Arrivals	266,691	338,475	316,083	267,142	277,337	347,495	347,411 ⁽⁷⁾
Others Tourists Arrivals	89,153	68,872	57,295	33,659	32,154	43,796	87,658 ⁽⁷⁾
Total Number of Tourists	1,015,793	1,278,469	1,139,524	1,062,635	1,017,072	1,332,551	1,438,619
Growth in Tax-Free Spending	N.A	N.A	2%	-15%	17%	56%	15% ⁽⁷⁾
REAL ESTATE							
Value of Real Estate Transactions (\$ Million)	2,882.5	2,882.9	3,295.8	3,120.4	4,175.0	6,443.7	2,456.5 ⁽³⁾
Number of Real Estate Sales Transactions	48,657	52,700	51,564	51,027	67,689	85,025	33,830 ⁽³⁾
Construction Permits (000 sqm)	7,196	7,719	7,928	7,532	7,919	14,281	7,492 ⁽⁷⁾
Cement Delivery (000 tons)	2,704	2,729	3,040	3,423	3,945	4,219	3,344 ⁽⁵⁾
TRANSPORTATION							
Beirut Port Activity							
Freight Activity(000 Tons)	4,767	5,060	4,476	4,226	5,318	5,746	4,782 ⁽⁷⁾
Number of Vessels	2,333	2,366	2,229	1,829	2,187	2,055	1,812 ⁽⁷⁾
Number of Containers	115,034	137,492	464,976	594,601	947,265	861,931	762,577 ⁽⁷⁾
Beirut Airport Activity							
Number of Planes	34,468	39,023	38,198	32,980	39,052	32,685 ⁽¹⁾	N.A
Number of Passengers	2,718,000	3,200,000	3,177,000	2,739,606	3,408,834	3,869,607	3,321,918 ⁽⁵⁾
FOREIGN TRADE							
Imports (\$ Million)	7,168	9,397	9,340	9,398	11,815	16,137	11,990 ⁽⁷⁾
Exports (\$ Million)	1,524	1,747	1,880	2,283	2,816	3,478	2,454 ⁽⁷⁾
Trade Balance (\$ Million)	(5,644)	(7,650)	(7,460)	(7,115)	(8,999)	(12,658)	(9,539) ⁽⁷⁾
Exports/Imports	21.26%	18.59%	20.13%	24.29%	23.83%	21.55%	20.47%
BALANCE OF PAYMENTS							
BOP at BDL and Banks & Financial Inst (\$ Million)	3,385	168	747	2,792	2,037	3,460.60	4,367.0 ⁽⁵⁾
Foreign Assets (\$ Billion)	12.18	11.48	11.66	12.97	12.39	19.73	25.86 ⁽⁸⁾
Foreign Currency Reserves (\$ Billion)	10.20	9.49	9.85	10.21	9.78	17.062	22.01 ⁽⁴⁾
PUBLIC FINANCE							
Government Expenditures (\$ Million)	7,027	6,992	6,768	7,880	8,350	9,922	8,491 ⁽⁷⁾
Government Revenues (\$ Million)	4,415	4,984	4,912	4,853	5,804	7,000	6,268 ⁽⁷⁾
Budget Deficit / Surplus (\$ Million)	(1,719)	(817)	(543)	(1,688)	(1,311)	(789)	(344) ⁽⁷⁾
Budget Primary Deficit / Surplus (\$ Million)	1,515	1,851	1,802	1,335	1,787	2,730	693.20 ⁽⁷⁾
Total Deficit (\$ Million)	(2,612)	(2,008)	(1,856)	(3,027)	(2,546)	(2,921)	(2,223) ⁽⁷⁾
Deficit / Total Expenditures Ratio	37.17%	28.71%	27.42%	38.42%	30.49%	29.45%	26.18%
Deficit / GDP Ratio	13.20%	9.35%	8.61%	13.49%	10.16%	10.10%	N.A
Debt Service / GDP Ratio	16.33%	12.43%	10.88%	13.47%	13.08%	12.16%	N.A
EDL Support / GDP Ratio	-	-	-	4.05%	3.92%	5.57%	N.A
External Debt (\$ Billion)	15.56	18.38	19.13	20.33	21.21	21.15	21.35 ⁽⁵⁾
Net Domestic Debt (\$ Billion)	15.80	14.60	15.62	17.09	17.81	20.35	21.89 ⁽⁵⁾
Net Public Debt (\$ Billion)	31.36	32.98	34.76	37.42	39.02	41.50	43.24 ⁽⁵⁾
Gross Public Debt/GDP Ratio	168.50%	167.00%	175.70%	179.90%	167.80%	162.50%	N.A
MONETARY AGGREGATES & INFLATION							
M1 (\$ Billion)	1.89	2.01	1.96	2.20	2.36	2.83	2.91 ⁽⁸⁾
M2 (\$ Billion)	17.40	17.23	16.23	15.57	16.47	24.76	31.77 ⁽⁸⁾
M3 (\$ Billion)	42.91	47.30	49.38	53.23	59.83	68.66	79.09 ⁽⁸⁾
M4 (\$ Billion)	46.63	49.63	51.59	56.08	63.56	72.58	83.75 ⁽⁸⁾
(M2-M1) (\$ Billion)	15.51	15.22	14.27	13.37	14.11	21.93	28.87 ⁽⁸⁾
Monetization Level (M2/GDP Ratio)	87.90%	80.27%	74.24%	69.39%	65.76%	85.55%	N.A
Consumer Price Index	136.75	102.48	99.63	107.24	113.59	120.81	125.23 ⁽⁵⁾
change in CPI (%)	3.00%	1.70%	-2.60%	5.60%	9.30%	6.36%	
BANKING SYSTEM							
Number of Commercial Banks	52	53	54	54	54	56	56 ⁽²⁾
Number of Branches	809	802	926	977	847	860	862 ⁽²⁾
Number of Employees	15,714	16,281	17,480	18,945	---	---	
Total Assets (\$ Million)	59,895	67,786	70,325	76,179	82,255	94,255	107,374 ⁽⁵⁾
Total Deposits (\$ Million)	49,362	55,835	58,117	61,541	68,059	78,663	90,239 ⁽⁵⁾
Deposits of the Private Sector (\$ Million)	48,483	54,853	56,986	60,494	67,288	77,780	89,304 ⁽⁵⁾
Deposits of the Public Sector (\$ Million)	879	982	1,131	1,047	771	883	935 ⁽⁵⁾
Loans to the Private Sector (\$ Million)	14,929	15,934	16,230	17,201	17,753	21,062	22,745 ⁽⁵⁾
Claims on the Public Sector (\$ Million)	21,006	24,156	26,696	31,192	32,424	38,314	26,833 ⁽⁵⁾
Total Shareholders Equity (\$ Million)	4,530	4,941	6,172	7,688	8,555	9,858	
Customer Loans/Customer Deposits	30.24%	28.54%	27.93%	27.95%	26.08%	26.78%	25.21%
Customer Loans/Total Assets	24.93%	23.51%	23.08%	22.58%	21.58%	22.35%	21.18%
Dollarization Rate	65.02%	68.78%	71.71%	75.16%	76.46%	68.79%	65.31% ⁽⁵⁾
Net Interest Income (\$Million)	1,074.78	1,088.39	1,203.61	1,544.31	1,845.44	2,361.98	N.A
Net Fees and Commissions Income (\$Million)	260.24	302.82	354.38	401.24	488.85	595.89	N.A
Net Profit - After Tax (\$ Million)	448.30	463.42	580.47	753.51	961.99	1,218.85	N.A
ROE	11.14%	10.22%	10.71%	10.98%	11.79%	13.20%	N.A
ROA	0.75%	0.68%	0.77%	0.91%	1.02%	1.13%	N.A
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

* Figures Reflect IMF Estimates

(1) As At End of September 2008 - (2) As At End of March 2009 - (3) As At End of June 2009 - (4) As At End of July 2009 - (5) As At End of August 2009
(6) As At September 24, 2009, (7) As At End of September 2009, (8) As at October 15, 2009

Republic Of Lebanon Sovereign Ratings			
Rating Agency	Tenor	Rating	Outlook
Standard & Poor's	Long-term short-term	B- C	Stable
Moody's Investors Service Ltd	Long-term	B2	Stable
Fitch IBCA Ltd	Long-term short-term	B- B	Stable

Sources: Ministry of Finance: Debt & Debt Markets Reports Q2, 2009

Lebanese Banks' Latest Ratings					
Rated Banks	Moody's Investors Service			Capital Intelligence	
	Long Term Foreign Currency	Financial Strength	Outlook	Long Term Foreign Currency	Outlook
Bank Audi-Sardar	B2	D-	Rating Under Review	B	Stable
BLOM Bank	B2	D-	Rating Under Review	B	Stable
Credit Libanais	-	-	-	B	Stable
Byblos Bank	B2	D-	Rating Under Review	B	Stable
BBAC	-	-	-	B	Stable
Fransabank	-	-	-	B	Stable
Bank of Beirut	B2	D-	Stable	-	-

Sources: Moody's Investors Service, Capital Intelligence

ARAB MARKETS
REGIONAL STOCK MARKET INDICES

The table on the right hand side sheds the light on the weekly performance of major Arab stock market indices in the region during the week ended October 30, 2009:

REGIONAL STOCK MARKET INDICES					
Country	Index	Last	Previous	Net Change	% Change
Lebanon	.CLASI	1,333.23	1,323.37	9.86	0.75%
Bahrain	.BAX	1,525.83	1,558.21	32.38-	-2.08%
United Arab Emirates	.ADX	3,023.10	3,119.56	96.46-	-3.09%
Saudi Arabia	.TASI	6,441.60	6,515.81	74.21-	-1.14%
Kuwait	.KWSE	7,347.50	7,607.90	260.40-	-3.42%
Oman	.MSI	6,354.92	6,609.00	254.08-	-3.84%
Egypt	.CCSI	1,734.09	1,785.32	51.23-	-2.87%

Source: Reuters, Credit Libanais Economic Research Unit

THE EGYPTIAN STOCK EXCHANGE

On a weekly basis, the Cairo Stock Exchange Index closed down by 2.87% for the week at 1,734.09.

Trading activity included 82,428,960 shares valued at LE 1,006.33 million (\$183.96 million). Among the 10 most heavily traded stocks, *El Watany Bank of Egypt* was up at LE 40.86 (\$7.47) followed by *PIRAEUS Bank Egypt* which firmed at LE 21.60 (\$3.95). On the other hand, *Nile Pharmaceuticals* ended in negative grounds, down at LE 54.83 (\$10.02), followed by *Egyptian for Developing Building Materials* which settled down at LE 36.75 (\$6.72).

THE EGYPTIAN STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap. Million
TOP FIVE GAINERS				
El Watany Bank of Egypt	LE 40.86	LE 36.8	11.03%	LE 4,086
PIRAEUS Bank Egypt	LE 21.60	LE 20.68	4.45%	LE 1,386
Arab Investment Urbanization	\$24.89	\$24.19	2.89%	LE 313
Bisco Misr	LE 33.86	LE 32.93	2.82%	LE 389
BLOM bank egypt	LE 28.05	LE 27.30	2.75%	LE 2,104
TOP FIVE LOSERS				
Nile Pharmaceuticals	LE 54.83	LE 62.11	-11.72%	LE 370
Egyptian for Developing Building Materials	LE 36.75	LE 40.13	-8.42%	LE 158
Egyptian Real Estate Group	LE 26.07	LE 28.26	-7.75%	LE 196
Namaa for Development and Real Estate Investment Co.	LE 14.10	LE 15.05	-6.31%	LE 675
Cairo Pharmaceuticals	LE 42.59	LE 45.45	-6.29%	LE 339
LE/USD	LE 5.4705			

Source: Egypt Stock Exchange, Credit Libanais Economic Research Unit

THE SAUDI STOCK EXCHANGE

On a weekly basis, the Tadawul All Shares Index reversed its gaining streak, losing 1.14% for the week to 6,441.60.

Trading activity encompassed 1,145.64 million shares valued at SAR 28,002.32 million (\$7,465.42 million), with the Saudi stock market capitalization attaining SAR 1,253.42 billion (\$334.16 billion). *Al Baha* emerged as the top gainer of the week, up at SAR 22.20 (\$5.92), followed by *Shams* which advanced to SAR 41.40 (\$11.04). On the other hand, *Trade Union* topped the losers' list, down by 19.49% to SAR 31.40 (\$8.37), followed by *Al-Ahlia* which dropped to SAR 90.00 (\$23.99).

THE SAUDI STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap. Million
TOP FIVE GAINERS				
Al Baha	SAR 22.20	SAR 17.60	26.14%	SAR 333
Shams	SAR 41.40	SAR 35.70	15.97%	SAR 420
Bupa Arabia	SAR 27.20	SAR 23.55	15.50%	SAR 1,088
Weqaya Takaful	SAR 45.10	SAR 40.40	11.63%	SAR 902
Food	SAR 22.00	SAR 20.05	9.73%	SAR 440
TOP FIVE LOSERS				
Trade Union	SAR 31.40	SAR 39.00	-19.49%	SAR 785
Al-Ahlia	SAR 90.00	SAR 102.25	-11.98%	SAR 900
SAICO	SAR 82.75	SAR 88.75	-6.76%	SAR 828
Cables	SAR 29.10	SAR 31.10	-6.43%	SAR 2,212
Amiantit	SAR 24.40	SAR 26.00	-6.15%	SAR 2,818
USD/SR	\$0.2666			

Source: Saudi Stock Exchange, Credit Libanais Economic Research Unit

ARAB MARKETS
THE ABU DHABI STOCK EXCHANGE

On a weekly basis, the Abu Dhabi General Index sustained its downturn, losing 3.09% for the week to 3,023.10.

Trading activity remained relatively stable last week with 551,591,819 shares in comparison with 554,482,226 shares the week before. Traded value, however, was up at AED 1,453.59 million (\$395.81 million) from AED 1,321.41 million (\$359.82 million) a week earlier. *Al Ain Al Ahlia Insurance Co.* topped the gainers' list, closing at AED 70.40 (\$19.17), followed by *NBAD Subordinated Convertible Notes* which ended the trading session at AED 80.30 (\$21.89). On the other hand, *National Bank of Fujairah* was the biggest loser, plunging to AED 8.08 (\$2.20).

THE ABU DHABI STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap. In AED Billion
TOP FIVE GAINERS				
Al Ain Al Ahlia Insurance Co.	AED 70.40	AED 58.00	21.38%	N.A.
NBAD Subordinated Convertible Notes	AED 80.30	AED 73.00	10.00%	892,555
National Bank of Ras Al-Khaimah	AED 4.50	AED 4.14	8.70%	N.A.
Al Khazna Insurance Co.	AED 1.31	AED 1.23	6.50%	484,000
First Gulf Bank	AED 19.20	AED 18.35	4.63%	25,850,000
TOP FIVE LOSERS				
National Bank of Fujairah	AED 8.08	AED 8.97	-9.92%	N.A.
Emirates Driving Company	AED 4.12	AED 4.57	-9.85%	N.A.
INTERNATIONAL FISH FARMING HOLDING CO. PJSC	AED 18.35	AED 20.30	-9.61%	1,065,000
Abu Dhabi National Hotels	AED 4.05	AED 4.40	-7.95%	4,440,000
Gulf Cement Co.	AED 2.13	AED 2.31	-7.79%	1,724,303
AED/USD	AED 3.6724			

Source: Abu Dhabi Stock Exchange, Credit Libanais Economic Research Unit

THE BAHRAINI STOCK EXCHANGE

The Bahraini Stock Exchange Index reversed its upturn, closing down at 1,525.83.

Trading activity watered down to 8,546,476 shares, in comparison with 14,286,045 shares a week earlier. *Nass Corporation BSC* emerged as the sole gainer of the week, up at BD 0.27 (\$0.72). On the other hand, *Gulf Finance House* fell by 14.85% to \$0.43 (BD 0.16).

THE BAHRAINI STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap. In BD
TOP GAINER				
Nass Corporation BSC	BD 0.27	BD 0.26	0.75%	59,400,000
TOP FIVE LOSERS				
Gulf Finance House	\$0.43	\$0.51	-14.85%	154,925,637
Al Baraka Banking Group B.S.C.	\$1.25	\$1.40	-10.71%	350,610,000
Bahrain Commercial Facilities	BD 0.42	BD 0.46	-9.48%	68,607,000
INOVEST	\$0.60	\$0.65	-8.46%	60,064,267
Arab Insurance Group	\$0.50	\$0.53	-5.66%	41,470,000
USD/BD	\$2.65			

Source: Bahrain Stock Exchange, Credit Libanais Economic Research Unit

EGYPT'S BUDGET DEFICIT FOR THE PERIOD 2009/2010

According to Egyptian Government sources, Egypt's budget deficit is projected to widen to 9% to 10% of GDP in the 2009/2010 up from 6.9% in the current year owing to the government's stimulus plan. More particularly, Egypt spent around LE 15 billion (\$2.74 billion) in the first half of 2009 with the aim of boosting the economy and is eager to spend additional LE 10 billion (\$1.83 billion) in the second half of 2009.

HOUSING STARTS IN AUGUST 2009

Standard & Poor's Case-Shiller Index fell by 11.3% on an annual basis in August 2009 owing to the recessionary environment. On a monthly basis, housing prices in seventeen major U.S cities increased for a fourth consecutive month, dragging the index higher by 1.2%. The largest y-o-y dwindle in prices was reported in Las Vegas where prices regressed by an astonishing 29.9% during a one-year period.

CONSUMER CONFIDENCE INDEX IN OCTOBER 2009

The U.S. Conference Board conveyed that the U.S. consumer confidence index fell by 10.67% to 47.7 in October 2009, down from an upwardly revised 53.4 in September 2009. October's consumer confidence lagged behind U.S. economists' expectations of a higher 53.2 reading.

NEW HOME SALES IN SEPTEMBER 2009

The U.S. Department of Commerce reported a 3.6% drop in new home sales in September 2009 to a seasonally-adjusted annual rate of 402,000 units, posting the first decline since March 2009. September's sales lagged behind U.S. economists' expectations of a higher 438,000 reading.

CONSUMER SPENDING IN SEPTEMBER 2009

The U.S. Department of Commerce conveyed as well a 0.1% drop in real disposable income in September coupled with a 0.6% decline in consumer spending. Moreover, income from wages and salaries fell by 0.2% in September, posting the first decline since June 2009. Personal saving's rate, however, rose to 3.3% of disposable income up from 2.8% a month earlier.

JOBLESS CLAIMS IN THE FOURTH WEEK OF OCTOBER 2009

The U.S. Labor Department also announced a contraction in initial jobless claims during the week ended October 24, 2009. Week-on-week, the number of applicants filing for unemployment benefits fell by 1,000 to 530,000. Furthermore, the four-week average of initial claims narrowed by 6,000 to 526,250, posting the lowest level since January. October's fourth week initial jobless claims outpaced U.S. economists' expectations of a lower 524,000 reading.

U.S. TREASURY

The U.S. 10-year Treasury note yield fell to 3.39% on Friday October 30, down from 3.47% in the preceding week on the back of weaker than expected economic data, particularly consumer spending figures.

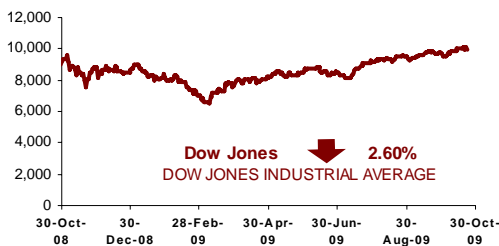
U.S. MARKET INDICES

On the capital markets front, the Dow Jones Industrial Average fell by 2.60% for the week to a market close of 9,712.73. The NASDAQ Composite Index ended the week down by 5.08% at 2,045.11, with the S&P500 index declining by 4.02% to close at 1,036.19.

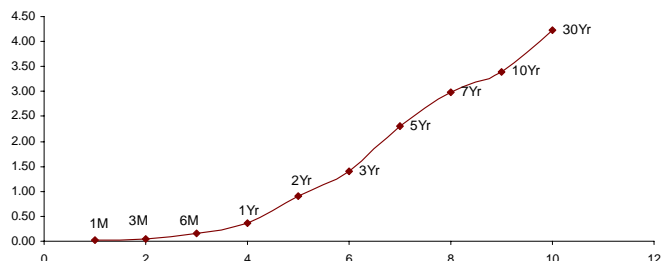
U.S. Market Indices	23-Oct-09	30-Oct-09	% Change
Closing Levels			
Dow Jones Industrial Average	9,972.18	9,712.73	-2.60%
Nasdaq Composite Index	2,154.47	2,045.11	-5.08%
Standard & Poor 500 Index	1,079.60	1,036.19	-4.02%
10-Year U.S. T-Bond	3.47%	3.39%	

U.S. Treasury Bills	1M	3M	6M	2Yr	5Yr	10Yr	30Yr
Yield (%)	0.02	0.05	0.16	0.90	2.31	3.39	4.23

Dow Jones Industrial Average



On The Run Yield Curve



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