

WEEKLY MARKET WATCH

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Credit Libanais SAL



Research Unit

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The Lebanese Banking Sector in April 2009

In the banking sector, the consolidated balance sheet of commercial banks in Lebanon reveals a 1.73% monthly expansion in total banking sector assets to LBP 150,189 billion (\$99.63 billion) in April 2009, up from LBP 147,640 billion (\$97.94 billion) in March 2009.

Balance of Trade Through April 2009

On the current account side of the balance of payment, Lebanon's Higher Customs Council conveyed a \$150 million annual expansion in Lebanon's balance of trade deficit to \$3,804 million as at end of April 2009.

Balance of Payment Up To April 2009

According to Banque Du Liban (BDL) statistics, Lebanon's balance of payment (BOP) surplus reached \$839.1 million during the month of April 2009, in comparison with a surplus of \$73.1 million in April 2008.

Budget Deficit in the First Four Months of 2009

On the Public Finance Front, Lebanon's fiscal deficit (budgetary & treasury) widened to \$1.21 billion up to April 2009 from \$990.3 million in the same period last year.

Banque Du Liban's Reserves In the First Half of June 2009

Banque Du Liban's (BDL) balance sheet depicts a 1.46% (\$338.15 million) bi-weekly appreciation in Lebanon's *gross foreign currency reserves* during the first half of June 2009 to \$23.44 billion.

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Saudi Inflation Rate At 5.21% in April

According to the Central Department of Statistics, Saudi Arabia's inflation rate slowed to its 19-month low at 5.21% in April in comparison with 6% in March.

Producer Price Index in May 2009

Figures released by the U.S. Labor Department conveyed a 0.2% expansion in May's Producer Price Index "PPI", lagging behind economists' expectations of a higher 0.5% rise.

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

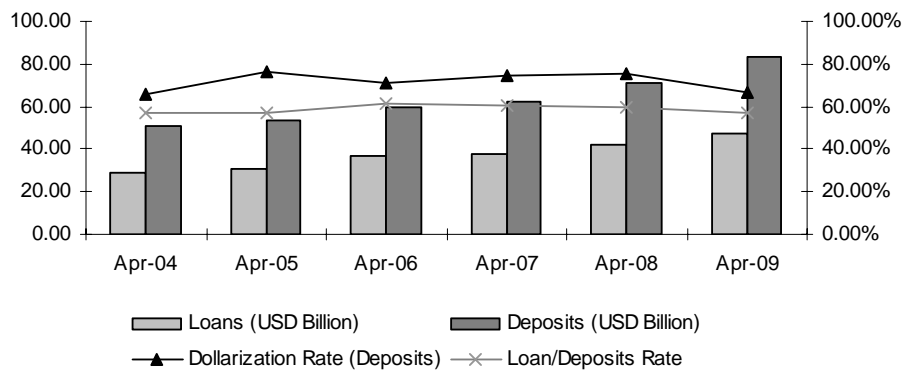
SYNOPSIS OF TERMS

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

The Lebanese Banking Sector in April 2009

In the banking sector, the consolidated balance sheet of commercial banks in Lebanon reveals a 1.73% monthly expansion in total banking sector assets to LBP 150,189 billion (\$99.63 billion) in April 2009, up from LBP 147,640 billion (\$97.94 billion) in March 2009. This is mainly attributed to a 3.32% increase in commercial banks' deposits with BDL to LBP 45,004 billion (\$29.85 billion). On an annual basis, total banking sector assets have grown by an astounding 16.35%, from LBP 129,089 billion (\$85.63 billion) in April 2008. Concurrently, customer deposits at Lebanese banks posted a staggering 17.80% annual momentum to LBP 126,021 billion (\$83.60 billion) as at end of April, with the dollarization rate sustaining its downturn to 66.75%, from 75.19% in the same period in 2008. On the lending front, the consolidated lending activity at commercial banks firmed at LBP 71,401 billion (\$47.36 billion), up from LBP 63,399 billion (\$42.06 billion) a year earlier. The loans to deposits ratio, however, fell to 56.66% in April 2009 down from 59.26% in April 2008.

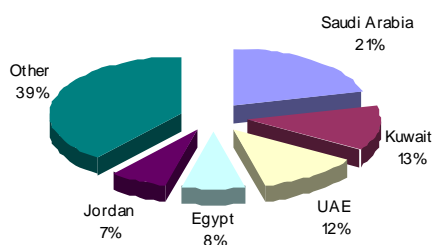
Activity In The Lebanese Banking Sector



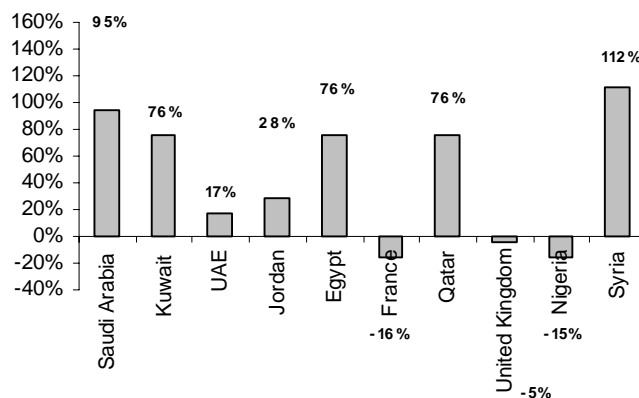
Tax Free Shopping In the First Five Months of 2009

The Global Refund on Tax Free shopping report posted a considerable 30% y-o-y expansion in Lebanon's tax-free spending through May 2009. This owes, in the first place, to a healthy 112% increase in spending by Syrian travelers, coupled with a 95% rally in tax-free spending by Saudi Arabian visitors. Unsurprisingly, spending by Saudi Arabian tourists maintained its leading position (21%), followed by Kuwaiti and UAE tourists at respective rates of 13% and 12%.

Total Spending Distribution by Area of Residence - YTD -



Growth in Spending YTD May 2009



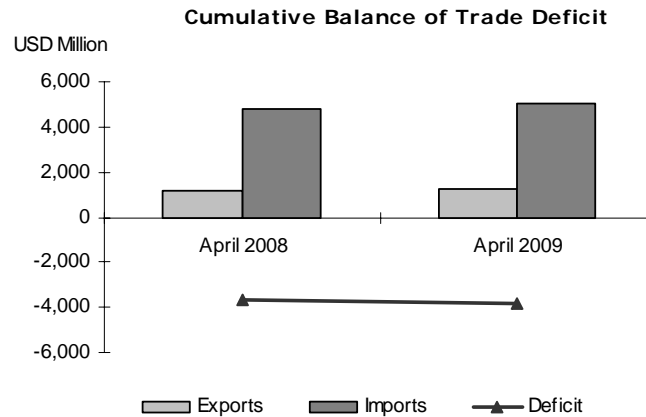
Balance of Trade through April 2009

On the current account side of the balance of payment, Lebanon's Higher Customs Council conveyed a \$150 million annual expansion in Lebanon's balance of trade deficit to \$3,804 million as at end of April 2009. Total exports rose by 6.85% on an annual basis to \$1,233 million, coupled with a 4.76% rise in imports to \$5,037 million.

On a monthly basis, Lebanon's balance of trade deficit surged by 80.41% to \$1,566 million in April in comparison with \$868 million in March. Imports rose by 57.91% in April to \$1,797 million up from \$1,138 million in March, while exports on the other hand regressed by a significant 14.44% to \$231 million, down from \$270 million in March.

Balance of Trade (US\$ Million)	For The Four-Month Period Ending		YOY
	April 2008	April 2009	% Change
Exports	1,154	1,233	6.85%
Imports	4,808	5,037	4.76%
Trade Deficit	(3,654)	(3,804)	4.11%

Source: Higher Customs Council



Major Export Destination		
Switzerland	\$291 million	24.00%
Syria	\$150 million	12.00%
Iraq	\$112 million	9.00%
UAE	\$102 million	8.00%
Saudi Arabia	\$85 million	7.00%

Source: Higher Customs Council

Major Import Sources		
France	\$524 million	10.00%
United States	\$463 million	9.00%
China	\$445 million	9.00%
Germany	\$385 million	8.00%
Italy	\$366 million	7.00%

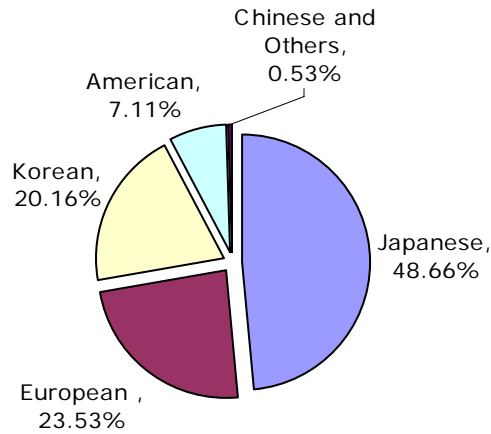
Source: Higher Customs Council

France led the list of exporting countries to Lebanon, with an aggregate exports value of \$524 million through April, while Switzerland topped the list of major importing countries with some \$291 million in total imports throughout the same period.

New Car Sales Up By 10.49% through May 2009

According to the Association of Automobile Importers (AAI), new car sales rebounded by 24.42% during the month of May 2009 to 2,996 vehicles in comparison with 2,408 in April. On an annual basis, new car sales rose by 10.49% to 11,667 vehicles through May 2009, up from 10,559 vehicles in the same period in 2008. During the month of May, Japanese cars ranked first among new car sales with a market share of 48.66%, followed by European, Korean, American and Chinese cars, at respective sales rates of 23.53%, 20.16%, 7.11% and 0.53%.

Breakdown Of New Car Sales In May 2009



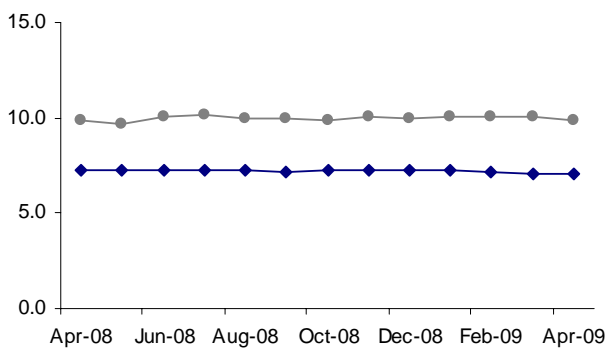
Interest Rates Activity in the Lebanese Banking Sector

Banque Du Liban (BDL) statistics reveal a shy monthly contraction in the average interest rate on Lebanese-pound denominated deposits to 7.08% in April 2009, down from 7.10% in March 2009 and 7.26% in April 2008. Furthermore, the average interest rate on U.S. Dollar denominated deposits inched slightly downwards to 3.24% in April 2009, down from 3.26% in March 2009, in comparison with 3.67% in April 2008. Commercial banks' discount and lending rate was no exception, easing to 9.83% on LBP denominated loans and 7.21% on USD denominated loans.

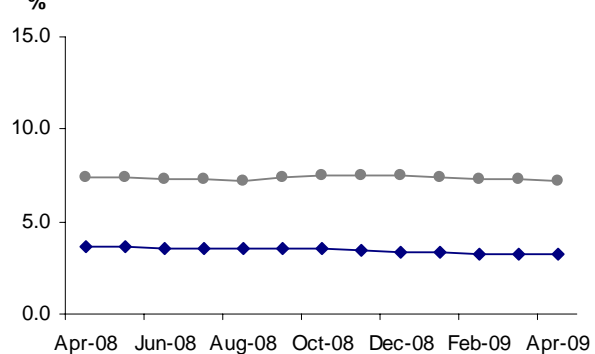
Lebanon's Interest rates	In April 2009		In March 2009		In April 2008	
	LBP	USD	LBP	USD	LBP	USD
Average Rate on Deposits	7.08%	3.24%	7.10%	3.26%	7.26%	3.67%
Term Savings & Deposits Rate	7.41%	3.65%	7.44%	3.68%	7.71%	4.06%
Discount & Loans Rate	9.83%	7.21%	10.10%	7.32%	9.86%	7.42%

Source: Banque Du Liban

% Yearly Evolution of LBP Lending & Deposits Rates



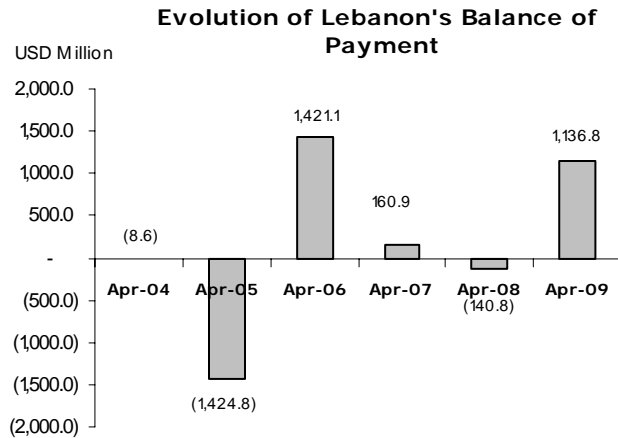
% Yearly Evolution of USD Lending & Deposits Rates



◆ LBP Average Rate on Deposits
 ● LBP Discount and Loans ra
 ◆ USD Average Rate on Deposits
 ● USD Discount and loans rate

Balance of Payment Up To April 2009

According to Banque Du Liban (BDL) statistics, Lebanon's balance of payment (BOP) surplus reached \$839.1 million during the month of April 2009, in comparison with a surplus of \$73.1 million in April 2008. On a cumulative basis, Lebanon's balance of payment accumulated steam, posting a surplus of \$1,136.8 million through April 2009, compared to a deficit of \$140.8 million during the same period last year.



Budget Deficit in the First Four Months of 2009

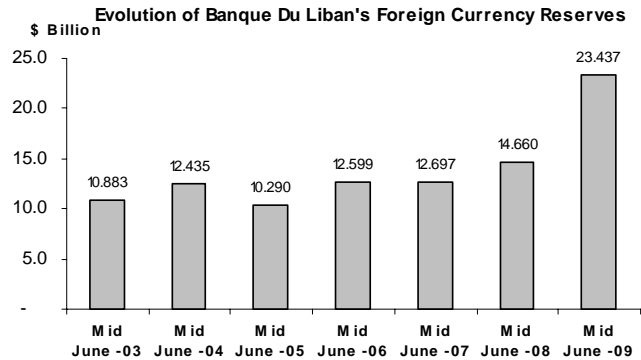
On the Public Finance Front, Lebanon's fiscal deficit (budgetary & treasury) widened to \$1.21 billion up to April 2009 from \$990.3 million in the same period last year. The primary surplus fell by 32.42% to \$164.5 million compared to a surplus of \$243.4 million in the first four months of 2008. Government revenues rose markedly by 27.89% to \$2.77 billion, counterbalanced by some 26.10% increase in government expenditures (including debt service) to \$3.98 billion. The increase in expenditures was mainly attributed to a sizeable 59.23% increase in spending on Eléctricité Du Liban "EDL" to \$796.61 million in comparison with a smaller \$499.89 million during the same period in 2008. The deficit to total expenditures' ratio, however, regressed to 30.39% up to April 2009, down from 31.37% a year earlier.

Public Finance (LBP Billion)	For the Four-Month Period Ending		YOY % Change
	April 2008	April 2009	
Revenues	3,266	4,177	27.89%
Expenditures (including debt servicing)	4,759	6,001	26.10%
Debt Servicing	<u>1,859</u>	<u>2,071</u>	11.40%
Budget Deficit	(1,493)	(1,824)	22.17%
Deficit / Total Expenditures	31.37%	30.39%	

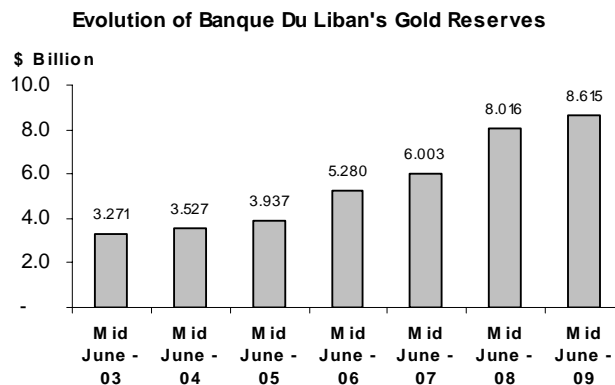
Source: The Lebanese Ministry Of Finance

Banque Du Liban's Reserves In the First Half of June 2009

Banque Du Liban's (BDL) balance sheet depicts a 1.46% (\$338.15 million) bi-weekly appreciation in Lebanon's **gross foreign currency reserves** during the first half of June 2009 to \$23.44 billion, up from \$23.10 billion in the second half of May. On an annual basis, foreign currency reserves gained a staggering 59.87%, from \$14.66 billion in the first half of June 2008. This owes primarily to a renewed appetite in LBP denominated deposits at commercial banks, lessening as such the deposits' dollarization rate to 66.75% in April, added the unprecedented increase in foreign remittances from Lebanese expatriates and some \$3.18 billion in received pledges from foreign donors' support in the aftermath of the Paris III convention, out of \$5.58 billion of signed pledges through March 2009.



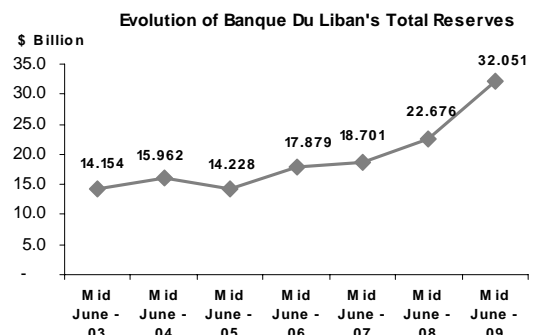
The Central Bank's balance sheet also sheds the light on a significant \$358.29 million bi-weekly contraction in the value of **gold reserves** to \$8.61 billion in mid June 2009, down from \$8.97 billion as at end of May. On a yearly basis, gold reserves rose by 7.47% (\$598.53 million) from \$8.02 billion in the first half of June 2008.



BDL's total reserves, as portrayed by the table below, rallied by 41.34% (\$9.375 billion) to \$32.05 billion as at mid June 2009, significantly above the \$22.68 billion registered a year earlier.

\$ Billion	Mid June-2008	Mid June-2009	Value Change	% Change
Gold	8.02	8.61	0.60	7.47%
Foreign Assets	14.66	23.44	8.78	59.87%
Total Reserves	22.68	32.05	9.375	41.34%

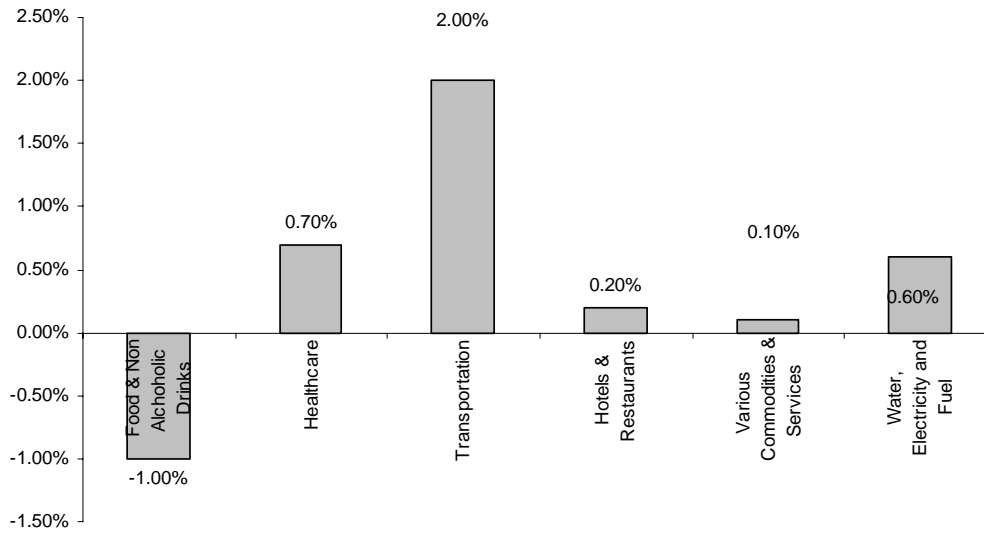
Source: Banque Du Liban



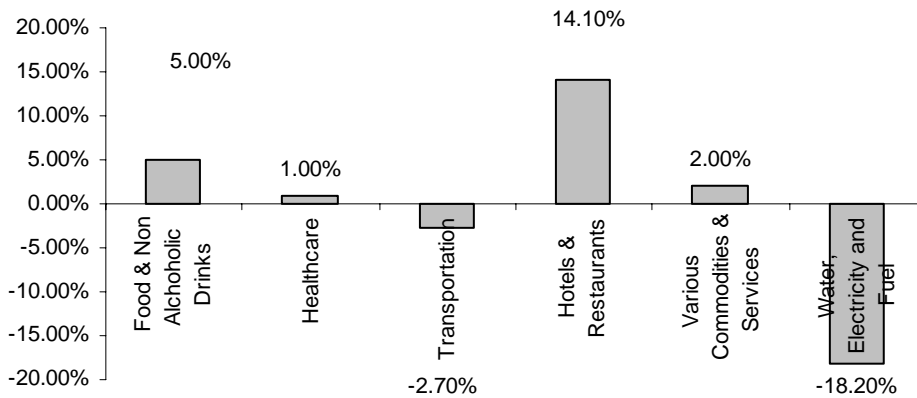
Consumer Prices Down By 0.3% in May 2009

According to the Central Administration of Statistics (CAS), Lebanon's consumer basket of prices grew by a slim 0.4% annual momentum through May 2009. The basket of prices, however, narrowed by 0.3% on a monthly basis owing particularly to the drop in food and non alcoholic drinks prices which have the highest weight (19.9%) in the index, outweighing the 2% rise in transportation costs which constitute some 12.3% weight in the basket. Despite decreasing by some 18.20% on a yearly basis, water, electricity and fuel prices rose by 0.6% during the month of May 2009 on the back of the 9.03% increase in fuel prices. The following charts depict the price fluctuation in Lebanon's consumer basket's key constituents on a monthly and yearly basis:

Price Volatility During The Month Of May 2009



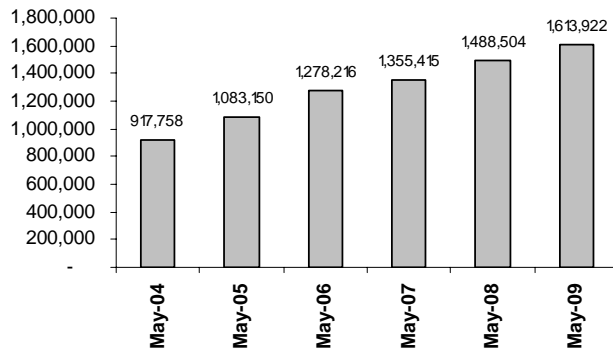
Price Volatility Y-O-Y In May 2009



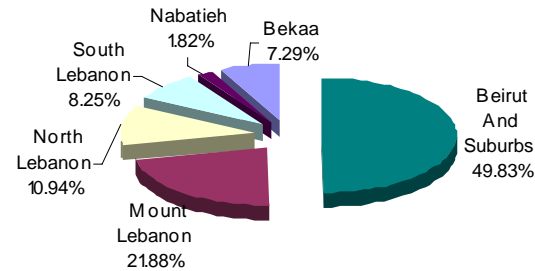
Payment Cards In May 2009

According to Banque Du Liban's (BDL) statistics, the number of payment cards in Lebanon (debit and credit cards) rose by 8.43% to 1,613,922 cards as at end of May 2009, up from 1,488,504 a year earlier. The aggregate value of domestic card payments by residents soared by 18.04% to \$397.07 million in comparison with \$336.39 million through May 2008. In parallel, the number of ATM machines rose by a moderate 6.77% y-o-y to 1,152 machines in May 2009, up from 1,079 machines in May 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 574 machines, constituting alone 49.83% of Lebanon's total ATM network.

ABL Adopts New Reference Rate for LBP and Foreign Currency Lending

According to the Association of Banks in Lebanon (ABL) circular 140/2009 dated June 17, 2009, the ABL's Board of Directors elected on June 16, 2009 to replace Lebanon's banking sector reference lending rate with Beirut Reference Rate (BRR) from the previously adopted Beirut Cost Rate (BCR). Moreover, the Board decided to keep the calculation method, which is based upon the average rate for term deposits added additional investment and currency factors, unchanged. The ABL's Board of Directors also urged banks to adopt the following rates as at the beginning of July, 2009:

- BRR / USD = 5.24%
- BRR / LBP = 8.96%

It is worth noting that the above mentioned rates are the basis for the calculation of the Prime Lending Rate, amid a list of other parameters.

Industrial Exports and Imports of Equipment & Machinery through April 2009

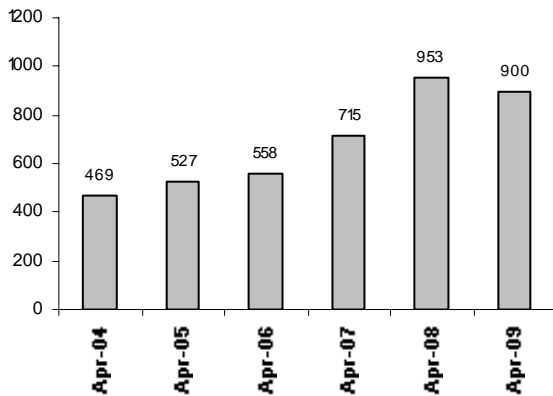
The Ministry of Industry reported a 5.56% annual contraction in Lebanon's industrial exports to \$900 million through April 2009, down from \$953 million a year earlier. Exports of machinery and mechanical appliances occupied the first place, with a share of 18.00% (\$162 million) of total industrial exports, followed by mineral products at 14.11% (\$127 million).

Nevertheless, industrial imports of equipment & machinery increased by a stunning 58.47% to \$71.93 million, up from \$45.39 million as at end of April 2008. Italy was the main import source, constituting alone around 28.37% (\$20.41 million) of total industrial imports, followed by Germany and China at respective rates of 19.16% (\$13.79 million) and 11.80% (\$8.49 million).

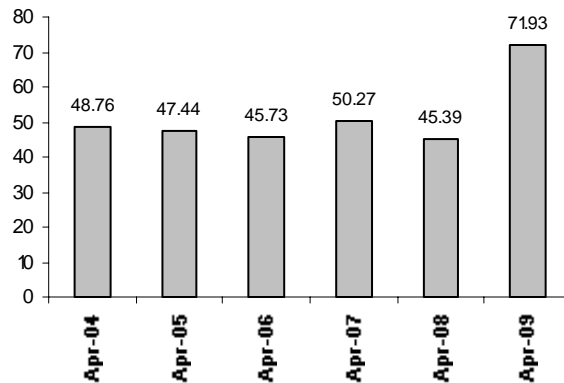
(USD Million)	For The Four-Month Period Ending		YOY % Change
	Apr-08	Apr-09	
Industrial Exports	953	900	-5.56%
Industrial Imports of Equipment & Machinery	45.39	71.93	58.47%

Source: Lebanese Ministry of Industry

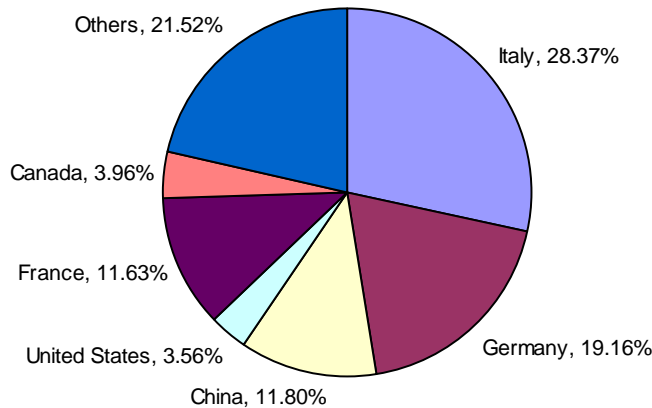
**Industrial Exports
USD Million**



**Industrial Imports of Equipment & Machinery
USD Million**



Break Down Of Imports By Country Of Origin Through April 2009



Solidere's Financial Performance in 2008

In the real estate sector, the *Lebanese Company for Development and Reconstruction of the Beirut Central District "Solidere"* released its 2008 audited financial statements last week reporting a substantial 18.50% drop in net profits to \$182.72 million, down from \$224.19 million in 2007. The plunge in net profits is mainly attributed to the company's share of loss generated by its Dubai-based affiliate "*Solidere International*" on the back of the global financial crisis. Gross revenues from property and land sales fell by 11.03% to \$256.64 million in 2008, down from \$288.47 million in 2007. On the balance sheet front, the company's total assets narrowed to \$2.45 billion, while shareholders' equity advanced by a moderate 1.51% to \$1.86 billion.

Solidere Calls for a Second Ordinary General Meeting

According to a Beirut Stock Exchange circular dated June 19, 2009, the *Lebanese Company for Development and Reconstruction of the Beirut Central District's "Solidere"* Board of Directors called the Bank's shareholders to a second Ordinary General meeting which will be convened on July 13, 2009, since the quorum was incomplete in the first scheduled meeting on June 17, 2009. The meeting's agenda will entail approving the distribution of dividends of \$1 per share, 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.

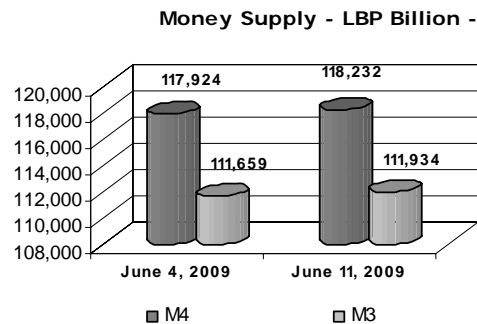
MONETARY AGGREGATES

On the monetary front, the overall money supply "M4" rose by a healthy LBP 308 billion (\$204.31 million) on a weekly basis to LBP 118,232 billion (\$78.43 billion) during the week of June 11, 2009, in part attributed to some LBP 33 billion (\$21.89 million) rise in non-banking sector Treasury bills. On the other hand, Lebanese-pound denominated deposits and currency in circulation, "M1" fell by 2.24% to LBP 4,415 billion (\$2.93 billion) owing to some LBP 68 billion (\$45.11 million) contraction in demand deposits, coupled with LBP 33 billion (\$21.89 million) drop in money in circulation.

Local currency, term deposits, "M2" on the other hand, rose by a shy 0.44% for the week, and a significant 51.84% on an annual basis to LBP 42,929 billion (\$28.48 billion). This has spurred a moderate LBP 288 billion (\$191.04 million) appreciation in private sector savings ("M2-M1") to LBP 38,514 billion (\$25.55 billion).

Money Supply LBP Billion	June 4, 2009	June 11, 2009	% Change
M1	4,516	4,415	-2.24%
M2	42,742	42,929	0.44%
M3	111,659	111,934	0.25%
M4	117,924	118,232	0.26%
M2 - M1 (Savings)	38,226	38,514	0.75%

Source: Banque Du Liban



MONEY MARKETS

On the money market front, the June 18th Treasury bill auction raised LBP 261.999 billion, up from LBP 64.342 billion the week before. The auction revealed a deficit over nominal subscriptions of LBP 261.999 billion in comparison with a deficit of LBP 8.537 billion in the preceding week.

The bulk of the subscriptions was concentrated in the three-year T-bills, constituting alone around 73.43% of total aggregate subscriptions, followed by the six-month, two-year, one-year and three-month to maturity securities, representing around 13.18%, 11.25%, 2.14% and 0.01% 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	4.94%	6.69%	6.94%	7.62%	8.62%	10.25%

PUBLIC DEBT

As far as public debt is concerned, statistics released by the Association of Banks in Lebanon and the Lebanese Ministry of Finance uncover an annual 9.73% expansion in gross public debt to \$47.77 billion in April 2009, up from \$43.54 billion in April 2008. Of the total gross public debt, 44.73% is external debt while the remaining 55.27% is domestic debt.

Public sector deposits firmed at \$5.08 billion, while net public debt rose by 6.76% to \$42.69 billion from \$39.98 billion in April 2008. Net domestic debt constituted around 49.94% of net public debt, with foreign debt regressing by 0.70% to \$21.37 billion.

FOREIGN EXCHANGE

Domestically, demand for the Lebanese Pound sustained its robust momentum for another week in a row. The inter-bank trading range hovered between LBP 1,500.5 and LBP 1,501.5 as the economy continues to show stimulus signs, prompting demand for the local currency. The Lebanese Central Bank intervened 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 66.75% as at end of April 2009.

On the foreign exchange front, the U.S. Dollar depreciated against major currencies last week after China's central bank called for a "super-sovereign reserve currency", coupled with an improvement in investors' appetite for risk.

In mid Friday session, the Euro appreciated against the U.S. Dollar by 0.42% for the day to \$1.4051 after having hovered between \$1.3981 and \$1.4118. On a weekly basis, the Euro rose by 1.15% to \$1.4051. The initial support level was reset at \$1.3995 with the resistance level readjusted at \$1.4139.

Concurrently, the U.S. Dollar headed south against the Japanese Yen, losing some 1.37% for the week to a market close of 95.22 Yen. The Dollar traded between a range of 95.02 and 96.04 against the Yen on Friday, ending the day at 95.22 Yen. The initial support level was revised to 95.19 Yen with the resistance level reset at 95.61 Yen.

Furthermore, the Sterling Pound (GBP) appreciated by 1.19% for the week against the U.S. Dollar. The British Pound was trading between \$1.6363 and \$1.6560, ending the week at \$1.6520 in New York session. The initial level support was revised to \$1.6451 with the resistance level readjusted to \$1.6554.

Major Currencies	Last	Previous	% Change
EUR/USD	1.4051	1.3891	1.15% ↑
GBP/USD	1.6520	1.6325	1.19% ↑
USD/JPY	95.22	96.54	-1.37% ↓
USD/CHF	1.0932	1.0868	0.59% ↑
USD/CAD	1.1552	1.1322	2.03% ↑

Major Currencies	Last	Previous	% Change
USD/LBP	1,507.5	1,507.5	0.00% ↔
EUR/LBP	2,117.1	2,094.4	1.09% ↑
CAD/LBP	1,312.1	1,333.7	-1.62% ↓
CHF/LBP	1,384.2	1,384.8	-0.05% ↓
GBP/LBP	2,483.5	2,468.7	0.60% ↑

Gold & Silver (in USD)			
Gold kg 995	Gold Ounce	Silver Kg	Silver Ounce
30,127.77	937.10	450.58	14.02

World Interest rates levels						
Period	USD	GBP	CHF	JPY	CAD	EUR
O/N	0.2500	0.1700	0.0100	0.0100	0.0500	0.2500
1 Month	0.4500	0.5000	0.0300	0.0200	0.2800	0.6800
3 Months	0.8000	0.8300	0.3000	0.4500	0.4000	1.0000
6 Months	1.0000	1.0000	0.4200	0.5400	0.7300	1.3000
1 Year	1.5000	1.5300	0.6000	0.6200	1.2000	1.4000
5 Years	2.5463	2.8000	1.4360	0.7100	2.4930	2.4730
10 Years	3.5305	3.7020	2.3540	1.3900	3.4030	3.3820
30 Years	4.3360	4.4350	3.0260	2.2200	3.8950	4.2130

Major Crosses	EUR	GBP	CHF	JPY	CAD
EUR	-	0.8513	1.5225	133.620	1.6208
GBP	1.1748	-	1.7886	156.970	1.9041
CHF	0.6568	0.5591	-	87.765	1.0646
JPY	0.7484	0.6371	1.1394	-	1.2130
CAD	0.6170	0.5252	0.9394	82.445	-

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

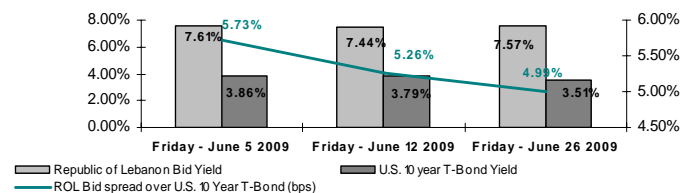
FIXED INCOME

On the Lebanese Eurobond front, activity witnessed a strong demand last week with limited supply, driving prices upwards. Spreads settled at 499.20 basis points during the week ended Friday June 26, 2009.

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	4.825%	441
Republic of Lebanon	USD	7.880%	May-11	366		103.500	104.500	5.879%	483
Republic of Lebanon	USD	7.500%	Aug-11	-		103.000	104.000	5.994%	489
Republic of Lebanon	USD	7.500%	Mar-12	-		102.000	103.000	6.676%	504
Republic of Lebanon	USD	7.750%	Sep-12	385		103.000	104.000	6.682%	505
Republic of Lebanon	USD	9.130%	Mar-13	-		107.250	108.250	6.864%	434
Republic of Lebanon	USD	8.630%	Jun-13	478		106.000	107.000	6.870%	435
Republic of Lebanon	USD	7.380%	Apr-14	-		100.000	101.000	7.371%	485
Republic of Lebanon	USD	9.000%	May-14	515		106.000	107.000	7.493%	497
Banque Du Liban	USD	10.000%	Apr-15	625		110.000	111.000	7.818%	530
Republic of Lebanon	USD	8.500%	Aug-15	-		103.500	104.500	7.766%	423
Republic of Lebanon	USD	8.500%	Jan-16	-		103.625	104.625	7.782%	424
Republic of Lebanon	USD	11.630%	May-16	647		118.500	119.500	8.057%	452
Republic of Lebanon	USD	9.000%	Mar-17	-		106.250	107.250	7.899%	436
Republic of Lebanon	USD	8.250%	Apr-21	-		101.500	102.500	8.048%	451
Republic of Lebanon	EUR	5.880%	Apr-12	-		99.000	100.000	6.266%	457
Corporate Eurobonds									
Bq Mediterranée	USD	7.630%	Jul-10	-		102.000	103.000	5.700%	499
Bq Mediterranée	USD	7.630%	Dec-12	-		102.000	103.000	6.970%	491
Audi Investment Bank	USD	10.750%	May-10	475		104.500	105.500	5.500%	492
YIELD - SPREAD EVOLUTION									
	Friday - June 5 2009		Friday - June 12 2009		Friday - June 26 2009				
Republic of Lebanon Bid Yield	7.61%		7.44%		7.57%				
Republic of Lebanon Bid Spread (bps)	572.70		526.20		499.20				
U.S. 10 year T-Bond Yield	3.86%		3.79%		3.51%				
ROL Bid spread over U.S. 10 Year T-Bond (bps)	375.00		365.00		406.00				

Fixed Income

Yield - Spread Evolution



As portrayed by the table above, Republic of Lebanon (ROL) bid spreads over U.S t-Bills prolonged their downturn.

Spreads tightened to 499.20 bps down from 526.20 bps two weeks earlier and 572.70 bps three weeks earlier, easing as such the pressure on ROL bond prices.

LEBANESE EQUITIES

The Beirut Stock Exchange trading activity remained strong last week, with some 1,165,629 shares changing hands, in comparison with 1,618,760 shares in the preceding week.

The Credit Libanais Aggregate Stock Index (CLASI) spiked by 4.71% on a weekly basis, the biggest gain among covered Arab indices, to a year high of 1,193.63, up from 1,139.89 the week before. This is mainly attributed to the gains spotted in the prices of heavy market capitalized Solidere "A & B" shares, and Audi Bank GDRs and listed shares.

Eight Gainers and two losers were screened throughout the week, boosting market capitalization by 4.35% to \$11.38 billion, from \$10.90 billion a week earlier. Concurrently, value traded rose by 17.08% to \$25.17 million up from \$21.50 million a week ago.

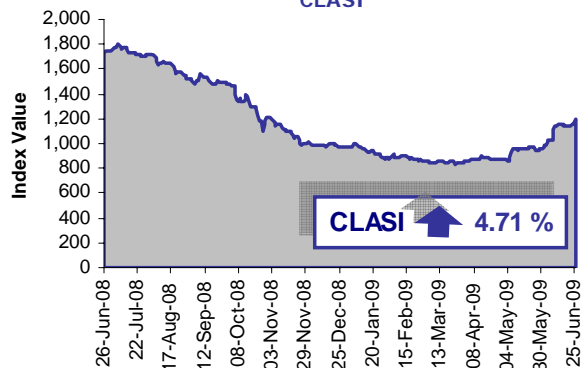
On the real estate and construction front, Solidere "A & B" shares led the weekly trades with 934,347 shares, as investors are optimistic on the political scene. The Credit Libanais Construction Sector Stock Index (CLCI) rose by a staggering 7.40% to its year high of 1,245.05.

In the Banking sector, the prices of Audi Bank GDRs and listed shares rose by 6.07% and 5.39% respectively. Consequently, the Credit Libanais Financial Sector Stock Index was up by 2.82%, to its year high of 1,132.23, from 1,101.21 the week before.

On the international front, the Solidere GDR was the biggest gainer of the week, up by 10.00% to close at \$24.75.

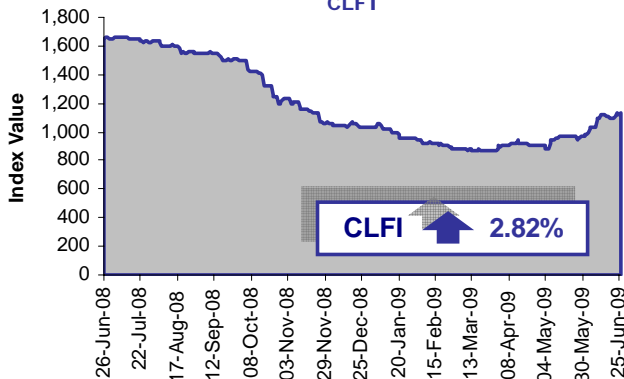
Credit Libanais Indices	Closing 26-Jun-09	Previous 19-Jun-09	Weekly % Change
Credit Libanais Aggregate Stock Index <.CLASI >	1,193.63	1,139.89	4.71%
Credit Libanais Financial Sector Stock Index <.CLFI >	1,132.23	1,101.21	2.82%
Credit Libanais Construction Sector Stock Index <.CLCI >	1,245.05	1,159.28	7.40%

Credit Libanais Aggregate Stock Index Weekly Performance CLASI

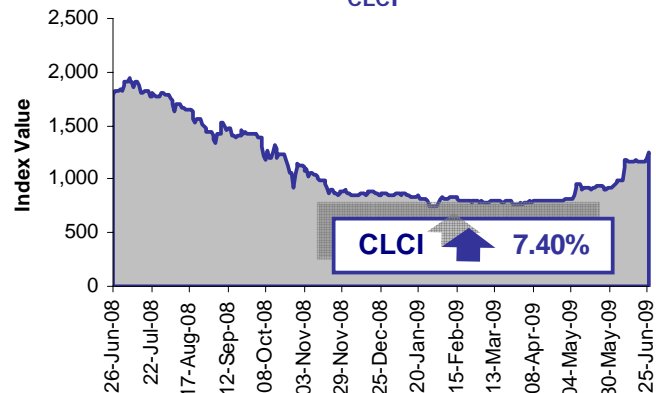


.CLASI Credit Libanais Aggregate Stock Index			
26 - June - 2009			
Value	Daily % Chng	Daily Net Chng	
1,193.63	2.369%	27.62	
Yr.High	Year Hi.Date	Yr.Low	Year.Lo.Date
1,193.63	26-Jun-09	836.11	25-Mar-09
Life High	Life Hi.Date	Life Low	Life.Lo.Date
1,801.01	7-Jul-08	836.11	25-Mar-09

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.
BEIRUT STOCK EXCHANGE								
Solidere A	\$25.62	7.87%	630,609	100,000,000	\$2,562,000	23.14	2.27	54.9%
Solidere B	\$25.32	7.74%	303,738	65,000,000	\$1,645,800	22.86	2.25	51.6%
BLC "C"	\$1.90	0.00%	-	50,900,000	\$96,710	5.43	0.90	0.0%
Banque Audi Listed Shares	\$60.65	5.39%	13,596	34,189,389	\$2,073,586	9.42	1.19	16.63%
Banque Audi GDR	\$69.00	6.07%	4,045	9,829,902	\$678,263	10.72	1.36	29.1%
Bank Audi Preferred "D"	\$100.30	0.00%	-	1,250,000	\$125,375	n.a	n.a	n.a
Bank Of Beirut "C"	\$18.50	0.00%	-	13,535,945	\$250,415	18.61	2.88	1.37%
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"	\$25.75	1.46%	2,000	4,000,000	\$103,000	n.a	n.a	n.a
Byblos Bank "C"	\$1.86	3.33%	126,028	217,112,557	\$403,829	7.60	1.02	16.25%
Byblos Bank Preferred Class 2008	\$95.15	-0.37%	1,600	2,000,000	\$190,300	n.a	n.a	-4.85%
Byblos Bank Priority	\$1.82	4.00%	63,908	206,023,723	\$374,963	7.44	1.0	10.98%
Byblos Bank GDR	\$88.00	0.00%	15	1,033,042	\$90,908			
BEMO Bank-Listed shares	\$4.70	0.00%	-	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	\$73.00	-1.35%	9,647	7,389,601	\$539,441	6.66	1.24	0.21%
BLOM Bank Listed Shares	\$71.85	0.00%	-	21,500,000	\$1,544,775	6.55	1.22	-3.88%
BLOM Bank Preferred "2004"	\$101.00	0.00%	-	750,000	\$75,750	n.a	n.a	0.00%
BLOM Bank Preferred "2005"	\$102.00	0.00%	-	1,000,000	\$102,000	n.a	n.a	0.29%
RYMCO	\$3.15	0.00%	-	10,400,000	\$32,760	39.38	2.15	50.00%
Holcim Liban	\$13.24	1.46%	10,443	19,516,040	\$258,392	249.8	13.94	-16.89%
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%	-	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	\$24.75	10.00%		9,091,750	225,021	18.21	2.23	15.762%
Audi	\$65.00	1.56%		9,687,532	629,690	8.82	1.28	-13.449%
BLOM Bank GDR	\$73.00	-1.35%		7,389,601	539,441	6.39	1.33	-18.934%

Activity Analysis

	Last	Previous	% Change
Value Traded	\$25,173,729	\$21,502,060	17.08%
Volume Traded	1,165,629	1,618,760	-27.99%
Market Cap - BSE	\$11,376,108,538	\$10,901,446,458	4.35%
Market Cap - Intl	\$1,394,151	\$1,371,397	1.66%

Heavy market capitalization-weighted Solidere "A" and "B" shares emerged as the largest contributors (90.15%) to the week's traded value with a turnover ratio of 0.57%. Other active stocks included Audi Bank and BIOM Bank (shares & GDRs), accounting for 4.33% and 2.77% of total weekly traded value respectively.

LEBANON'S MAIN INDICATORS

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	900 ⁽⁴⁾
Import of Industrial Machinery (\$ Million)	109	142	137	130	162.61	187.93	71.93 ⁽⁴⁾
TOURISM							
Arab Tourists Arrivals	438,203	545,150	451,430	456,889	400,082	549,463	229,337 ⁽⁵⁾
Africa Tourists Arrivals	22,398	20,180	16,160	20,541	48,071	34,144	13,335 ⁽⁵⁾
U.S. Tourists Arrivals	120,429	152,075	136,907	129,274	121,596	176,647	65,483 ⁽⁵⁾
Asia Tourists Arrivals	134,164	173,897	177,809	164,053	137,832	181,006	97,860 ⁽⁵⁾
Europe Tourists Arrivals	266,691	338,475	316,083	267,142	277,337	347,495	137,491 ⁽⁵⁾
Others Tourists Arrivals	66,755	48,692	41,135	33,659	32,154	43,796	26,218 ⁽⁵⁾
Total Number of Tourists	1,015,793	1,278,469	1,139,524	1,062,635	1,017,072	1,332,551	569,724
CONSTRUCTION							
Construction Permits (000 sqm)	8,860	9,156	8,254	9,145	7,919	14,280.85	3,399 ⁽⁵⁾
Cement Delivery (000 tons)	2,704	2,729	3,040	3,423	3,944	4,219.26	
TRANSPORTATION							
Beirut Port Activity							
Freight Activity(000 Tons)	4,767	5,060	4,475	4,226	5,317	5,746	2,550 ⁽⁵⁾
Number of Vessels	2,333	2,366	2,230	1,832	1,678	1,544	1,010 ⁽⁵⁾
Number of Containers	115,034	137,492	127,656	119,978	947,216	945,100	422,056 ⁽⁵⁾
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	1,626,921 ⁽⁵⁾
FOREIGN TRADE							
Imports (\$ Million)	7,170	9,400	9,342	9,399	11,815	16,137	5,037 ⁽⁴⁾
Exports (\$ Million)	1,524	1,747	1,880	2,281	2,816	3,478	1,233 ⁽⁴⁾
Trade Balance (\$ Million)	(5,644)	(7,650)	(7,459)	(7,118)	(8,999)	(12,659)	(3,804) ⁽⁴⁾
Exports/Imports	21.30%	18.60%	20.10%	24.27%	23.83%	21.55%	24.48%
BALANCE OF PAYMENT							
Balance of Payment (\$ Million)	3,386	169	747	2,795	2,036	3,461.50	1,136.8 ⁽⁴⁾
Foreign Currency Reserves (\$ Billion)	12.18	11.48	11.66	12.97	12.39	19.73	23.44 ⁽⁷⁾
PUBLIC FINANCE							
Government Expenditures (LBP Billion)	10,592	10,540	10,203	11,877	12,587	15,007	6,001 ⁽⁴⁾
Government Revenues (LBP Billion)	6,656	7,514	7,405	7,295	8,749	10,603	4,177 ⁽⁴⁾
Budget Deficit	(3,936)	(3,026)	(2,798)	(4,582)	(3,838)	-4,404	1,824 ⁽⁴⁾
Deficit / Total Expenditures	37.16%	28.71%	27.42%	38.58%	30.49%	29.35%	30.39%
Public Debt (\$ Billion)	33.36	33.85	38.48	37.41	39		47.77 ⁽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	
M2 (LBP Billion)	26,234	25,978	24,465	23,477	24,769	37,240	42,929 ⁽⁶⁾
M3 (LBP Billion)	64,694	71,310	74,446	80,244	90,234	103,439	111,934 ⁽⁶⁾
M4 (LBP Billion)	70,297	74,810	77,771	84,545	95,647	109,321	118,232 ⁽⁶⁾
Consumer Price Index	136.75	102.48	99.63	107.24	113.59	120.81	121.33 ⁽³⁾
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	150,189 ⁽⁴⁾
Total Deposits (LBP Billion)	73,455	82,691	85,906	97,309	102,598	118,584	126,021 ⁽⁴⁾
Deposits by Private Sector (LBP Billion)	75,852	86,503	89,169	95,730	101,435	117,253	124,558 ⁽⁴⁾
Deposits by Public Sector (LBP Billion)	1,325	1,480	1,705	1,579	1,163	1,331	1,463 ⁽⁴⁾
Total Loans (LBP Billion)	23,758	25,364	26,109	57,123	59,185	70,064	71,401 ⁽⁴⁾
Loans to Private Sector (LBP Billion)	22,836	24,020	24,467	25,930	26,762	31,750	32,731 ⁽⁴⁾
Loans to Public Sector (LBP Billion)	21,006	24,155	26,697	31,193	32,423	38,314	38,670 ⁽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 End Of March, 2009, (4) As At End Of April, 2009, (5) As At End Of May, 2009, (6) As At June 11, 2009, (7) As At Mid Of June, 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 June 26, 2009:

REGIONAL STOCK MARKET INDICES					
Country	Index	Last	Previous	Net Change	% Change
Lebanon	.CLASI	1,193.63	1,139.89	53.74	4.71%
Bahrain	.BAX	1,613.01	1,623.71	(10.70)	-0.66%
United Arab Emirates	.ADX	2,627.55	2,798.39	(170.84)	-6.10%
Saudi Arabia	.TASI	5,609.02	5,990.30	(381.28)	-6.36%
Kuwait	.KWSE	8,140.20	8,311.70	(171.50)	-2.06%
Oman	.MSI	5,695.49	5,690.43	5.06	0.09%
Egypt	.CCSI	1,495.69	1,685.15	(189.46)	-11.24%

Source: Reuters

The Egyptian Stock Exchange

On a weekly basis, the Cairo Stock Exchange Index reversed momentum, dipping by 11.24%, the biggest loss among covered Arab indices, to 1,495.69 last week.

Trading activity on the Egyptian Stock Exchange encompassed some 117,966,562 shares valued at 906.93 million Egyptian pounds (\$161.98 million). Among the 10 most heavily traded stocks, *EI Watany Bank of Egypt* was up at 29.27 Egyptian Pounds (\$5.23) followed by *Cairo Oils & Soap* which firmed at 25.08 Egyptian Pounds (\$4.48). On the other hand, *Modern Shorouk Printing & Packaging* ended in negative grounds, down at 14.11 Egyptian pounds (\$2.52), followed by *Egyptian for Developing Building Materials* which settled at 9.49 Egyptian Pounds (\$1.69).

THE EGYPTIAN STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap.
TOP FIVE GAINERS				
EI Watany Bank of Egypt	LE 29.27	LE 26.49	10.49%	LE 2,649,000,000
Cairo Oils & Soap	LE 25.08	LE 24.30	3.21%	LE 97,200,000
Misr Cement (Qena)	LE 76.81	LE 74.68	2.85%	LE 2,240,400,000
Commercial International Bank (Egypt)	LE 48.04	LE 46.76	2.74%	LE 13,677,300,000
Misr Beni Suef Cement	LE 84.86	LE 83.82	1.24%	LE 1,676,400,000
TOP FIVE LOSERS				
Modern Shorouk Printing & Packaging	LE 14.11	LE 15.96	-11.59%	LE 190,083,600
Egyptian for Developing Building Materials	LE 9.49	LE 10.58	-10.30%	LE 45,494,000
Alexandria Spinning & Weaving (SPINALEX)	LE 2.28	LE 2.51	-9.16%	LE 748,566,399
Ceramic & Porcelain	LE 6.96	LE 7.66	-9.14%	LE 229,511,601
Paper Middle East (Simo)	LE 14.19	LE 15.61	-9.10%	LE 46,830,000
LE/USD	5.5991			

Source: Egypt Stock Exchange, Credit Libanais Research Unit

The Saudi Stock Exchange

On a weekly basis, the Tadawul All Shares Index reversed momentum, losing 6.36% for the week to 5,609.02.

Trading activity included 1,220.64 million shares valued at 30,923.72 million Saudi Riyal (\$8,244.26 million), with the Saudi stock market capitalization attaining 1,085.22 billion Saudi Riyal (\$289.32 billion). Among the 10 most heavily traded stocks, *Weqaya Takaful* emerged as the top gainer of the week, up by a staggering 193% to 29.30 Saudi Riyal (\$7.81), followed by *Medgulf* which advanced to 27.40 Saudi Riyal (\$7.30). On the other hand, *Aldrees* topped the losers' list, down by 15.32% to 29.30 Saudi Riyal (\$7.81), followed by *Sahara Petrochemical* which dropped to 21.10 Saudi Riyal (\$5.63).

THE SAUDI STOCK EXCHANGE					
Companies	Closing	Previous	% Change	Market Cap.	Million
TOP FIVE GAINERS					
Weqaya Takaful	SAR 29.30	SAR 10.00	193.00%	SAR 586	
MEDGULF	SAR 27.40	SAR 25.10	9.16%	SAR 2,192	
AlAbdullatif	SAR 42.90	SAR 40.60	5.67%	SAR 3,486	
Sagr Insurance	SAR 50.00	SAR 47.60	5.04%	SAR 1,000	
Thim'ar	SAR 44.00	SAR 42.00	4.76%	SAR 440	
TOP FIVE LOSERS					
Aldrees	SAR 29.30	SAR 34.60	-15.32%	SAR 733	
Sahara Petrochemical	SAR 21.10	SAR 24.90	-15.26%	SAR 3,956	
Qassim Agriculture	SAR 10.15	SAR 11.95	-15.06%	SAR 508	
Pharmaceutical	SAR 33.50	SAR 39.30	-14.76%	SAR 2,010	
Shams	SAR 38.90	SAR 45.60	-14.69%	SAR 395	
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 pursued its downturn, losing 6.10% for the week to close at 2,627.55.

Trading activity watered down with 990,513,552 shares, in comparison with 1,870,136,199 shares the week before. Concurrently, traded value contracted to 1,542.79 million Dinars (\$420.10 million) down from 2,925.63 million Dinars (\$796.65 million) a week earlier. Among the 10 most heavily traded stocks, *National Marine Dredging Co.* topped the gainers' list for the week, up by 10.25% to 6.99 Dinars (\$1.90), followed by *National Bank of Ras Al-Khaimah* which settled higher at 4.44 Dinars (\$1.21). On the other hand, *Fujairah Cement Industries* topped the losers' list, slipping by a significant 24.63% to 3.61 Dinars (\$0.98).

THE ABU DHABI STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap. In AED Billion
TOP FIVE GAINERS				
National Marine Dredging Co.	AED 6.99	AED 6.34	10.25%	1,398,000
National Bank of Ras Al-Khaimah	AED 4.44	AED 4.05	9.90%	N.A.
Fujairah Building Industries P.S.C.	AED 2.00	AED 1.90	5.26%	N.A.
Emirates Insurance Co.	AED 6.49	AED 6.24	4.01%	778,800
Qatar Telecom	AED 134.80	AED 130.00	3.69%	19,770,667
TOP FIVE LOSERS				
Fujairah Cement Industries	AED 3.61	AED 4.79	-24.63%	1,284,674
International Fish Farming Holding Co, PJSC	AED 19.15	AED 23.10	-17.10%	957,500
United Insurance Co.	AED 4.50	AED 5.40	-16.67%	N.A.
Gulf Medical Projects	AED 3.38	AED 4.05	-16.54%	N.A.
Invest Bank	AED 1.54	AED 1.81	-14.92%	1,778,700
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 headed south, down by 0.66% for the week to a session close of 1,613.01, down from 1,623.71 the week before.

Trading activity slowed to 27,896,179 shares, in comparison with 110,364,419 shares a week earlier. *United Gulf Bank* emerged as the top gainer of the week, up at BD 0.56 (\$1.48). On the other hand, *Ahli United Bank* fell by 5.17% to \$0.55 (BD 0.21).

THE BAHRAINI STOCK EXCHANGE				
Companies	Closing	Previous	% Change	Market Cap. In BD
TOP THREE GAINERS				
United Gulf Bank	BD 0.56	BD 0.50	11.00%	457,836,236
General Trading & Food Proc. Co.	BD 0.30	BD 0.29	2.07%	23,879,815
Bahrain Tourism Co.	BD 0.33	BD 0.32	0.63%	23,184,000
TOP FIVE LOSERS				
Ahli United Bank	\$0.55	\$0.58	-5.17%	991,343,922
INOVEST	\$0.87	\$0.91	-4.40%	87,825,062
Khaleeji Commercial Bank	BD 0.13	BD 0.14	-4.17%	144,794,754
Ithmaar Bank	\$0.26	\$0.27	-3.70%	234,458,936
Arab Insurance Group	\$0.52	\$0.54	-2.80%	43,128,800
USD/BD	\$2.65			

Source: Bahrain Stock Exchange, Credit Libanais Research Unit

Saudi Inflation Rate At 5.21% in April

According to the Central Department of Statistics, Saudi Arabia's inflation rate fell to its 19-month low at 5.21% in April in comparison with 6% in March. This owes to declining commodity prices amid the prevailing recessionary environment. It is worth noting that a regional economist at EFG-Hermes in Dubai anticipated inflation level for the full year 2009 to pivot around the 4.8% mark.

Bahrain's Money Supply Growth At 13.9% in April

According to the Bahraini Central Bank, Bahrain's money supply growth decelerated to 13.9% in April 2009, posting its lowest level in more than 2 years, with the M3 aggregate reaching BD 7.98 billion (\$21.15 billion). Moreover, the Central Bank revealed that net foreign assets fell by 2.11% on a monthly basis to BD 1.39 billion (\$3.68 billion) in April 2009.

Consumer Sentiment in Mid-June 2009

The University of Michigan consumer sentiment index rose by 0.44% in mid-June 2009 to 69, up from 68.7 in May, posting its highest level since the onset of the financial crisis. June's appreciation in consumer sentiment lagged behind U.S. economists' expectations which pivoted around a higher 71 reading.

Consumer Price Index in May 2009

The U.S. Labor Department reported a 0.1% monthly expansion in the U.S. Consumer Price Index "CPI" in May 2009 as diminishing food prices offset the increase in gasoline prices. More particularly, energy prices rose by 0.2% during the month of May, posting their first increase since February. Furthermore, Core CPI (excluding food and energy prices) also rose by 0.1% in May 2009. May's CPI lagged behind U.S. economists' expectations of a higher 0.3% expansion.

Producer Price Index in May 2009

Figures released by the U.S. Labor Department also conveyed a 0.2% expansion in May's Producer Price Index "PPI", lagging behind economists' expectations of a higher 0.5% appreciation. May's expansion in the Producer's Price Index owes particularly to increasing energy prices which offset the drop in food prices.

Existing Home Sales in May 2009

The U.S. Department of Commerce pointed to a 2.4% rise in existing home sales in May 2009 to a seasonally adjusted annual rate of 4.77 million units, owing to declining prices of pre-owned homes. May's reading lagged behind U.S. economists' expectations of a larger increase in existing home sales to 4.85 million units.

New Home Sales in May 2009

The U.S. Department of Commerce also conveyed a slight 0.6% contraction in new home sales in May 2009 to a seasonally-adjusted annual rate of 342,000 units, down from the revised 344,000 in April 2009. May's sales lagged behind U.S. economists' expectations of a higher 363,000.

Jobless Claims in June 2009

The U.S. Labor Department announced an expansion in jobless claims during the week ended June 20, 2009. Week-on-week, the number of applicants filing for unemployment benefits rose by 15,000 to 627,000. The four-week moving average, however, fell by 500 to 617,250. Meanwhile, the insured unemployment rate stood at 5.0%.

GDP Growth in the First Quarter of 2009

The U.S. Department of Commerce conveyed a downwardly revised GDP contraction of 5.5% during the first quarter of 2009, its largest two-quarter decline since 60 years. The first quarter contraction was lower than economists' consensus estimate of a negative 5.7%. It is worth noting that U.S. economists anticipate the U.S. economy to slow by 1.5% in the current quarter before reversing momentum in the third quarter of the year to expand by 1.3%.

U.S. Treasury

The U.S. 10-year Treasury note yield shed to 3.51% on Friday June 26, down from 3.79% in the preceding week.

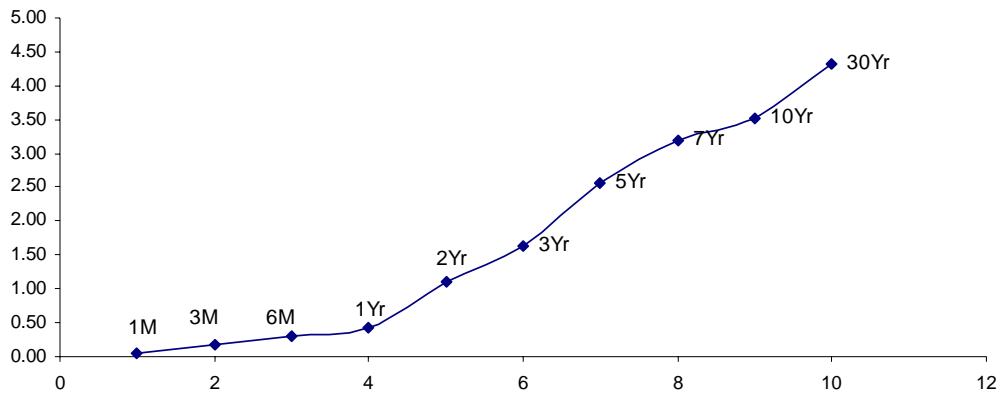
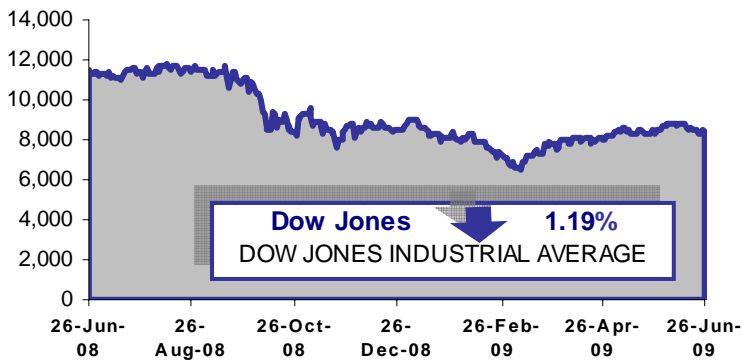
U.S. Market Indices

On the capital markets front, the Dow Jones Industrial Average fell by 1.19% for the week to a market close of 8,438.39. The NASDAQ Composite Index, however, ended the week up by 0.59% at 1,838.22, with the S&P500 index shedding 0.25% to close at 918.90.

U.S. Market Indices Closing Levels	19-June-09	26-June-09	% Change
Dow Jones Industrial Average	8,539.73	8,438.39	-1.19%
Nasdaq Composite Index	1,827.47	1,838.22	0.59%
Standard & Poor 500 Index	921.23	918.90	-0.25%
10-Year U.S. T-Bond	3.79%	3.51%	

U.S. Treasury Bills	1M	3M	6M	2Yr	5Yr	10Yr	30Yr
Yield (%)	0.05	0.19	0.31	1.11	2.55	3.51	4.33

Dow Jones Industrial Average



U.S. Markets

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