

# The Lebanon Weekly Monitor

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Figures released by the Ministry of Tourism reflect a strong comeback in tourism activity during July and August relative to previous months of 2007. Indeed, the number of tourists visiting Lebanon jumped by a significant 83.2% during the month of July 2007 and by a monthly 15.5% in August.

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## ► ECONOMY

### Tourism activity witnesses a strong comeback in July and August 2007

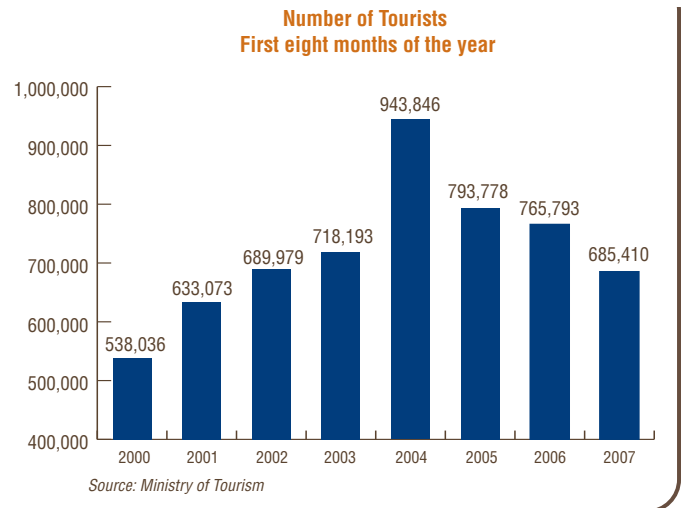
Figures released by the Ministry of Tourism reflect a strong comeback in tourism activity during July and August relative to previous months of 2007. Indeed, the number of tourists visiting Lebanon jumped by a significant 83.2% during the month of July 2007 to a total of 126,986, up from 69,303 tourists in June. Moreover, the flow of tourists to the country continued its upward trend throughout August to reach 146,683 visitors, up by a monthly 15.5%. This revival signifies that, similar to other sectors in the Lebanese economy, the tourism sector has a certain level of resilience, displayed by a surge in the number of tourists as soon as political and security conditions exhibited signs of relative stability.

When comparing the number of tourists in July 2007 to the same month of the previous year, the increase was below expectations, considering the adverse circumstances of last summer. Tourism activity saw a relatively small 17.2% year-on-year increase in July 2007, reflecting buoyant activity in the first ten days of July 2006. However, in August 2007, the number of tourists went up by 448.6%. Furthermore, when comparing the number of tourists in August 2007 to the same month of 2005, one can notice a drop of 20%, thus illustrating that although the sector saw a revival in the two summer months of 2007, it did not quite go back to its previous levels of activity.

On a cumulative basis, the number of tourists totaled 685,410 in the first eight months of 2007, declining by a major 10.5% from 793,778 in the corresponding period in 2006. This drop is due to a year-on-year plummet in tourism activity during every month of 2007 till July. The increase witnessed in July and August could not offset the low records of the first six months. In general, the tourism sector had seen a lot of fluctuations during the first eight months of 2007. The year began with low numbers in January and February, which increased on a monthly basis in March and April, then went back down in May and June, only for them to rise again in July and August. The inconsistency in the number of tourists is in line with the unstable political and security conditions, as naturally, records increased during relative stability and declined when the situation was aggravated.

The distribution of tourists by origin in the first eight months of 2007 shows that the greater part of visitors were from the Arab countries with 40.6% of aggregate visitors, followed by visitors from Europe with 27.6%, from Asia, with 12.1%, from Americas with 11.8%, from Africa with 4.9% and from Oceania with 2.8%.

In terms of individual countries, the greater part of visitors was from Jordan with 81,338 visitors, or 11.9% of the total, followed by Iraq with 63,598 visitors (9.3%), then France with 50,329 (7.3%), Saudi Arabia with 44,717 (6.5%), Iran with 41,179 (6.0%), the United States with 38,417 (5.6%), Kuwait with 33,761 (4.9%), Canada with 31,152 (4.5%), Germany 30,093 (4.4%), and England with 19,812 (2.9%).



### Tax-free purchases up by 2% in the first eight months of 2007

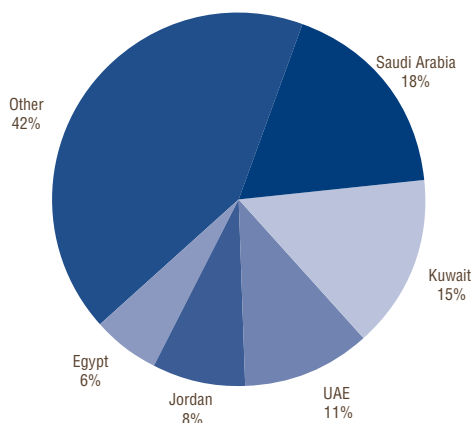
Figures released by Global Refund, the firm that reimburses VAT to tourists at the Lebanese border points, reveal that tax-free purchases have reported a 2% increase in the first eight months of 2007 relative to the same period of the previous year. It is worth noting that this is the first time in 2007 when tax-free spending records a positive variation year-to-date compared to prior year-to-date, as it has declined by 16% during the first seven months of 2007 when compared to the same period of the previous year, by 22% in the first half of the year, 19% in the first five months, 22% in the first four months, and 29% in the first quarter of 2007. This can be partially attributed to the fact that the month of August witnessed a sort of improved tourism activity, as it was marked by no setbacks on the political and security scenes. However, one should also note that this moderate rise can also be somewhat due to the extremely low figures recorded in July and August 2006, as a result of the war.

Spending of nationals from Saudi Arabia retained the lion's share of overall expenditures of tourists in Lebanon during the first eight months of the year, as it accounted for 18% of total tourists' spending during the said period. It was followed by spending of Kuwaiti citizens with 15% of the total, citizens from the UAE with 11%, Jordanian citizens with 8% and Egyptian citizens with 6%.

In the first eight months of the year, Lebanon witnessed a significant 81% year-on-year increase spending of United Kingdom's citizens, followed by another major 9% increase in expenditures of French citizens, and a 33% rise in the spending of citizens from the United States. As for Arab nationals, most of them recorded a drop in their spending during the first seven months of the year, except for citizens from the UAE, whose spending went up by 31%, and those of Kuwait whose spending went up by 9%. On the other hand, the highest drop in spending was for Saudi Arabian nationals with a plunge of 33%, followed by Egypt's citizens with a 28% decline in spending, and Jordanian citizens with a year-on-year drop of 12% in spending, then came citizens from Qatar and Syria with an equal drop in expenditures of 10% each.

The distribution of tax free spending by category during the first eight months of 2007 indicates that "fashion and clothing" was the category with the highest share of overall spending of 68%, followed by "watches and jewellery" with 12%, "home and garden" with 5%, "perfumes and cosmetics" with 4%, and other categories which include spending in department stores with 11%. In the first eight months of the year, spending on "perfume and cosmetics" and "watches and jewellery" witnessed large year-on-year increases of 26% and 23%, respectively. Those relatively high increases more than offset drops in spending on other categories, and thus resulted in the overall increase of 2%. Expenditures on "home and garden" accounted for the biggest percentage decrease year-to-August compared to the same period of 2006. This drop was at 12%, followed by a decline of 11% in spending in "department stores", and a lower decrease of 2% in spending on "fashion and clothing.

Share of spending by nationality  
First eight months of 2007



Source: Global Refund

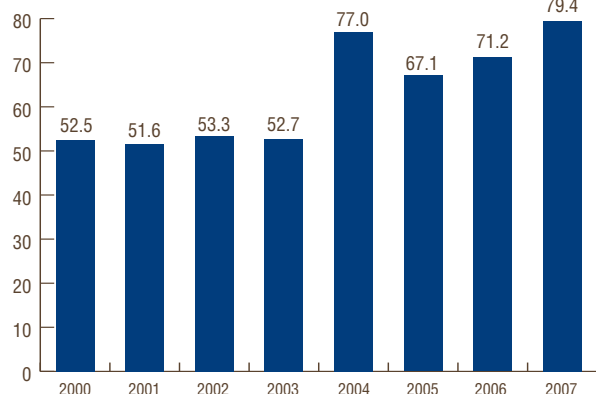
## Imports of industrial machinery up by 11.5% in the first half of 2007

According to statistics released by the Ministry of Industry, imports of industrial machinery, which mirror the activity of investments made in the industrial sector, amounted to LP 18.7 billion, or US\$ 12.4 million in June 2007, up by 6.0% from LP 17.6 billion, or US\$ 11.7 million, in the same month of the previous year, yet down by a notable 25.9% from LP 25.2 billion, or US\$ 16.7 million, in May 2007.

On a cumulative basis, imports of industrial machinery registered a rise in the first half of the year relative to the corresponding period of 2006. The increase was at 11.5% as the total value of imports of industrial machinery in the period extending between end-2006 and end-June 2007 reached US\$ 79.4 million, in comparison to US\$ 71.2 million in the same period of the previous year. This rise is mostly attributed to an important year-on-year surge of almost 93% in imports of industrial machinery in January 2007, along with a rise of 11.6% in March, an increase of 21.0% in May and the relatively smaller one of June. In fact, those increases, especially the former, managed to offset by far the year-on-year declines in investments in industrial activity that occurred in February and April 2007.

The distribution of imported industrial machinery by country of origin for the first half of 2007 reveals that Germany was the largest exporter of industrial machinery to Lebanon with exports worth US\$ 22.8 million, and accounting for about 28.8% of the total. It was followed by Italy with US\$ 17.1 million (21.6%), China with US\$ 8.8 million (11.1%), the United States with US\$ 5.9 million (7.5%), France with US\$ 3.1 million (4.0%), the United Kingdom with US\$ 3.0 million (3.8%), Switzerland with US\$ 2.8 million (3.5%), Taiwan with US\$ 2.2 million (2.8%), Turkey US\$ 2.0 million (2.6%), and Japan with US\$ 1.9 million (2.5%).

Imports of Industrial Machinery (in US\$ million)  
First half of the year



Source: Ministry of Industry

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## ► SURVEYS

### **Lebanese Banking Sector: Strengths & Weaknesses**

Worldwide rating agency Moody's Investor Services released this month a report on the Lebanese banking system outlook, in which it attributed the limited evolution of Lebanese banks' ratings to the unstable political situation, and the fact that those banks are the major holders of the government's exceptionally large debt. The high sovereign exposure of Lebanese banks is the main reason that has kept them at the bottom of the scale when it comes to ratings.

However, despite the systematic risk, Lebanese banks have indeed displayed resilience. The banking sector remains the most thriving industry in the country and the major lever of the economy. This is mostly credited to the banks' strong retail deposit base, which boosts their funding profile. Despite adverse political events in 2005 and 2006, especially the summer 2006 war, total sector deposits managed to record a 7.1% yearly rise in 2006, indicating a restoration in depositors' confidence. Political turmoil continued in 2007, but still private sector deposits recorded a 4.6% year-on-year increase in May 2007.

Moreover, rated banks have high levels of core liquidity, which alleviate systematic risks. In fact, core liquidity in foreign currency assets excluding sovereign Eurobonds, amounted to 21.6% of total assets and 35.5% of foreign currency deposits at end-2006. A large amount of liquid foreign currency assets are placed in the short-term with foreign banks in Europe and the US, and Moody's believes that on average, Lebanese banks would survive a confidence crisis due to a shortage in US\$ deposits or other capital outflows. This is a major positive rating driver for rated banks, and it will probably continue in the near future and as long as the banking system is dependant on the government.

In parallel, the report presented a list of weaknesses and threats facing the aforesaid strengths and opportunities, the most prevalent being the previously mentioned systematic risk. Other weaknesses cited by the report include the structurally weak profitability and earnings profile of Lebanese banks, driven by interest income from debt to the government. Moody's estimated that 45% of banks' total interest income comes from sovereign-related investments and placements with the Central Bank, while 28% of the said income comes from Treasury bills. Therefore, banks' income depends highly on a poorly-rated sovereign (B3), which has a risk of default. This high sovereign exposure poses difficulties for any rated Lebanese bank to be upgraded.

Another weakness that characterizes the Lebanese banking system is the fact that the overleveraged private sector places constraints on the quality of local lending opportunities. Asset quality is yet another concern for the banking system especially that it has been deteriorating in the past few years. The weakening of the loan quality is reflected by an increase in the ratio of gross doubtful debts over total loans from

15.6% in 2000 to 20% at end-2006. However, one should note that loan quality for rated banks is stronger than that of the average banking system.

### **EIU expects real GDP growth will be short of 1% in 2007 and 1.5% in 2008**

The Economist Intelligence Unit (EIU) issued its updated country outlook report on Lebanon, dated September 2007, whereby it assessed the repercussions of the overall volatile political situation on the country's economic outlook.

The report addressed policy trends and indicated that the positive mood that prevailed at the beginning of 2007, faded away nine months later with the reform plan presented at Paris III still on hold, due to continuous political tensions. The hindering of the reforms, which include economic restructuring, has postponed the release of funds promised at Paris III, as the latter were conditional on the said restructuring. Furthermore, without the implementation of reforms, it's going to be hard to find a solution for Lebanon's long-term structural fiscal deficit, which is primarily driven by the extraordinarily high cost of debt servicing. The EIU traced the exacerbation of Lebanon's fiscal deficit back to early 2005, when the series of political crises began. With the current absence of reforms, the fiscal account is likely to persist in the same prevailing imbalance throughout 2008 and 2009.

The EIU provided economic growth forecasts for the full year-2007, as well as the upcoming two years. Continuing political tensions throughout 2007 have impeded Lebanon's recovery from the July-August 2006 war and its consequences, and thus expected real GDP growth is below 1% in 2007. Assuming no major setbacks over the outlook period, domestic demand is expected to undergo a dawdling revival, thus pushing real GDP growth forecast to 1.5% in 2008, which is still considered weak. In 2009, projected growth will rise further to around 2.6%, driven mainly by increasing private consumption and fixed investment.

In addition, the report addressed inflation in Lebanon and projected an average yearly growth of 5.6% in consumer prices in 2007. Average inflation is expected to drop to 3.5% in 2008. However, in 2009, inflation is expected to fall back to its historical average, which hovers around 2.5%.

Finally, the report examined Lebanon's external sector and expected a relatively strong growth in import spending in 2007, whereas export earnings are estimated to progress at a slower pace, therefore, resulting in an expansion of the trade deficit, which is estimated to hit US\$ 6.6 billion in 2007. In the upcoming two years, import growth is projected to become more moderate; however, investment in export-oriented industries is expected to remain wary. As a result, the EIU anticipates a further widening of the trade deficit, to an average of US\$ 7.3 billion.

## ► CORPORATE NEWS

### ACC seals US\$ 740 million deal with ALDAR Properties

Lebanon-based Arabian Construction Company (ACC) signed a AED 2.7 billion (around US\$ 740 million) contract with UAE real estate developer ALDAR Properties for the erection of three towers in Abu Dhabi, as part of the redevelopment of the Central Market in Abu Dhabi's Central Business District. According to an ALDAR Properties statement, the contract is the single largest building agreement to date in Abu Dhabi.

The Central Market redevelopment project should mainly witness the redevelopment of the old souk, and the expansion of the retail, commercial, leisure and residential areas. As for the project, designed by UK architects Foster and Partners, it includes an 88-storey residential tower, a 55-storey five-star hotel tower, a 58-storey high office tower, in addition to a smaller 16-storey high four-star hotel. The residential tower would be 382 meters high and hence the tallest tower in Abu Dhabi.

ACC, established in 1967, is specialized in the construction of buildings, namely hotels, schools, hospitals, and in engineering services. Headquartered in Beirut, its branches are located in Tripoli but also abroad, in Damascus, Doha, Sharjah, Dubai, Al Ain, Al Khobar, Cairo, Kurdistan, Riyadh, and Abu Dhabi. ACC initially built the said Central Market back in 1971, according to the company's Chairman.

ALDAR Properties was incorporated in late 2004 as a real estate developer of retail, residential, commercial, hospitality and entertainment properties, and has established itself as one of the region's important developers thanks to large scale projects. For instance, it launched in November 2006 one of the largest real estate projects in the region, namely the US\$ 40 billion Yas Island in the UAE.

### CFC posts US\$ 2.4 million in 2006 net profits

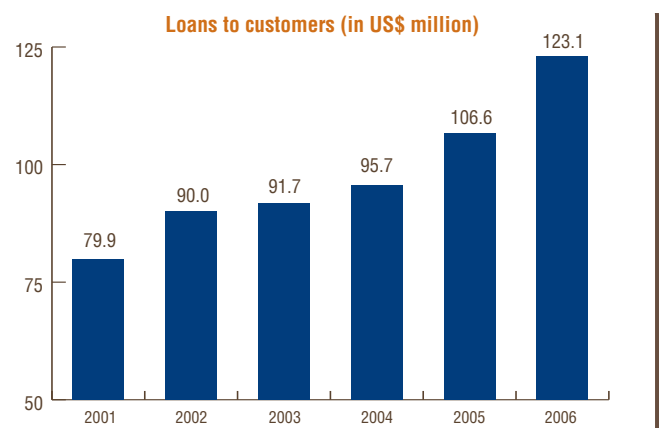
Consumer finance firm Capital Finance Company sal (CFC) announced its 2006 results, posting a net profit of US\$ 2.4 million, versus a higher figure of US\$ 4.4 million in the previous year. Total assets reached US\$ 65.9 million, posting a 2.5% drop from US\$ 67.6 million at year-end 2005. Net loans amounted to US\$ 54.5 million, 4.5% lower than the US\$ 57.1 million figure of 2005, while cash and deposits with banks retreated by a slight 2.6% to US\$ 8.8 million at year-end 2006. Net fixed assets declined by 8.3% year-on-year, from US\$ 0.43 million at year-end 2005 to US\$ 0.40 million at year-end 2006. On the other hand, shareholders' equity increased by 2.6% to reach US\$ 31.2 million at year-end 2006. CFC was incorporated in 1999, and started operations in the year that followed. CFC

extends credit facilities at retail outlets to customers buying cars, computers, and home appliances.

### Banque de l'Habitat posts a 15.5% year-on-year rise in 2006 net profits

Banque de l'Habitat sal, established in 1977 and specialized in long-term housing loans, posted a 15.5% yearly increase in its 2006 net profits. The latter reached US\$ 8.1 million last year, against US\$ 7.0 million in 2005. Net interest received amounted to US\$ 11.7 million in 2006, up by 14.6% from US\$ 10.2 million in the previous year. Net commissions received hiked by 5.4% to US\$ 0.41 million, while net profits from financial operations reached about US\$ 14,600. General and administrative expenses stood at US\$ 2.9 million, increasing by 14.1% from US\$ 2.6 million in 2005, due to a 10.7% rise in staff expenses and a 25.5% progression in general operating expenses.

Total assets reached US\$ 245.8 million, progressing by 5.4% from US\$ 233.1 million in 2005, while loans to customers totaled US\$ 123.1 million, up by 15.4% year-on-year. Doubtful loans reached US\$ 2.0 million, rising by 15.1% from 2005, and constituting 1.6% of total loans. Customer deposits stood at US\$ 67.2 million, against a lower figure of US\$ 50.2 million in 2005.



Sources: Banque de l'Habitat, Bankdata Financial Services wil, Bank Audi's Research Department

### Arab Marble Company (Marblo) to construct marble plant in Qatar

Arab Marble Company, a Lebanese marble and granite manufacturer established in 1972, along with Qatari investors, is constructing a new QR 60 million (around US\$ 16 million) marble and granite plant in Qatar. The plant, to be built on a 27,000 square meters piece of land, would be managed by a new firm called Marblo Qatar Limited.

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## ► CAPITAL MARKETS

### Money Market: Stable overnight rate

The overnight rate remained stable at its low official level of 3.5% during this week that was shortened to four working days due to a national mourning, within the context of a balanced activity on the foreign exchange market and ample local currency liquidity on the money market. As to Certificates of Deposits, no subscriptions were made this week.

On the other hand, the monetary aggregates for the week ending September 6 showed a decrease in local currency deposits by LP 114 billion versus an increase in foreign currency deposits by US\$ 88 million. These weekly variations compare to an average increase of LP 36 billion for LP deposits since the beginning of the year 2007, and an average rise of US\$ 88 million in foreign currency deposits each week. In addition, total money supply in its large sense (M4) expanded by LP 156 billion this week, versus an average weekly increase of LP 204 billion since the beginning of the year 2007.

Interest rates	21/9/07	14/9/07	29/12/06
Overnight rate	3.50%	3.50%	3.50% ↔
7 days rate	3.63%	3.63%	3.63% ↔
1 month rate	4.17%	4.17%	4.17% ↔
45-day CDs	4.40%	4.40%	4.40% ↔
60-day CDs	4.89%	4.89%	4.89% ↔

### Treasury Bills Market: Status-quo prevails

The latest results of the short-term Treasury bills auction, released by the Central Bank this week, showed that total subscriptions for value date September 20 amounted to LP 29 billion, and were distributed as follows: LP 0.5 billion in the three-month category and LP 28.8 billion in the six-month category. These compare to maturities of LP 453 billion, resulting in a huge nominal deficit of LP 424 billion. Interest rates remained unchanged since April 2005.

In fact, the average yields for the three-month and six-month stood at 5.22% and 7.24% respectively. As to the secondary market, very tiny trade for the three-year category was reported this week.

A recently released report by the Association of Banks shows that the weighted average yield on outstanding Tbs rose from 8.74% in July 2006 to 8.88% in July 2007. The total outstanding Tbs amounted to LP 28,675 billion in July 2007, according to the same source, with 68% of it being concentrated on the high-yielding three-year category.

T-Bills Yields	21/9/07	14/9/07	29/12/06
3-month	5.22%	5.22%	5.22% ↔
6-month	7.24%	7.24%	7.24% ↔
1-year	7.75%	7.75%	7.75% ↔
2-year	8.50%	8.50%	8.50% ↔
3-year	9.32%	9.32%	9.34% ↔
Nom. Subs. (LP billion)	29	153	42 ↓
Short-term (3&6 mths)	29	0	42 ↑
Medium-term (1&2 yrs)	0	6	0 ↓
Long-term (3 yrs)	0	147	0 ↓
Maturities	453	103	223 ↑
Nom. Surplus/Deficit	-424	50	-181 ↓

### Foreign Exchange Market: Increase in BDL's foreign assets

The commercial demand for the US Dollar was extended to this week, noting that the assassination of a Lebanese MP mid-week did not trigger a rising demand for the green currency. In general, demand and supply forces remained balanced, with the Central Bank staying on the sidelines. Commercial banks traded the green currency at a rate hovering between LP 1,513 and LP 1,514.

On the other hand, the Central Bank's bi-monthly balance sheet ending September 15 reported foreign assets of US\$ 12.9 billion, up by US\$ 107 million since end-August, due to a rise in commercial banks' deposits held at the Central Bank of US\$ 319 million versus the Bank's intervention as a seller of the green currency during the second week of September.

Within this context, the Bank's foreign assets covered 78.2% of LP money supply at mid-September and when including gold, valued at US\$ 6.5 billion, the coverage ratio rises to 117.6%. Foreign reserves accounted for 62% of LP money supply. These coverage ratios reflect the Central Bank's sustainable ability to maintain the currency peg.

Within this context, the EIU's latest report commended the Lebanese Central Bank on its commitment to preserve the currency within the official trading band. According to the report, the high level of assets at the disposal of the Central Bank, its ability to influence interest rates, and the support it gets from commercial banks in the country will assist the Central Bank in keeping the currency peg firm and stable in

Exchange rate	21/9/07	14/9/07	29/12/06
LP/US\$	1,507.5	1,507.5	1,507.5 ↔
LP/£	3,037.46	3,040.33	2,955.76 ↑
LP/¥	13.08	13.11	12.69 ↑
LP/SF	1,284.40	1,270.65	1,233.43 ↓
LP/Can\$	1,509.61	1,460.76	1,300.91 ↓
LP/Euro	2,121.66	2,091.81	1,982.81 ↓

## Stock Market: Remarkable interest in banking shares

A remarkable appetite for the banking shares appeared on the Beirut Stock Exchange this week, as news circulated about an emanating Arab interest in a Lebanese bank, which triggered a substantial week-on-week increase in prices.

In details, BLOM's GDR prices soared by 11.9% to US\$ 75.45, its highest level in 16 months, and Audi's GDR prices climbed by 7% to US\$ 63.85, its highest level in four months. Audi's "listed" shares edged up by 0.8% to US\$ 60.35, while BLOM's "listed" shares stood at US\$ 64. Byblos Bank "listed" shares nudged up by 0.6% to US\$ 1.75, and Byblos Bank "priority shares" moved 2.8% higher to US\$ 1.85. Overall, the banking sector accounted for 42% of the total trading value amounting to US\$ 6.7 million this week.

Solidere shares only captured 22% of activity this week. Solidere's "A" share retreated slightly by 0.2% week-on-week to close at US\$ 16.35, and Solidere's "B" share declined by 0.3% closing at US\$ 16.22.

Among the other listed securities, only Holcim's share traded and its price decreased by 0.8% to US\$ 20. As to the investment funds, the Beirut Preferred Fund's share price remained unchanged at US\$ 98. The Beirut Global Income's share price rose by 1.8% to US\$ 101. The Beirut Golden Income's share price increased by 1.2% to LP 108,300. Overall, the price index reported an increase of 1.22% to close at 123.51.

### Audi Indices for BSE 21/9/07 14/9/07 29/12/06

22/1/96=100

Market Cap. Index	410.22	405.27	387.04 ↑
Trading Vol. Index	94.1	1,963.2	130.5 ↓
Price Index	123.51	122.02	122.85 ↑
Change %	1.22%	-3.26%	-0.20% ↑

Market Cap. \$m	9,695	9,939	9,182 ↓
No. of shares traded	10,529,285	671,540	449,580 ↑
Value Traded \$000	173,867	6,809	6,587 ↑
o.w. : Solidere	171,972	5,117	4,070 ↑
Banks	1,672	1,210	2,492 ↑
Others	223	482	25 ↓

Solidere's GDRs, which are listed solely on the London Stock Exchange, decreased by 0.7% to US\$ 16.63 this week.

Finally, when compared to peer stock exchanges in emerging markets, Lebanon's performance has been lower than that of other emerging markets as reflected by the Morgan Stanley Capital International Emerging Market Free Index (MSCI EMF) and the MSCI East Europe, Middle East, and Africa Index (MSCI EMEA). The first index rose by 4.8% and the latter moved up by 4.2% over the week.

## Bond Market: Back to sluggishness

The local and foreign interest in Lebanese bonds that emerged during the last couple of weeks, after a lengthy absence, faded this week. However, prices remained constant for two months with the average yield standing at 8.45%, while the average spread tightened by 11 basis points to 404 basis points, due to stability in Lebanese yields and an increase in benchmark yields.

For instance, the average yield on the five-year US Treasury bills rose from 4.16% last week to 4.32% this week, as firmer manufacturing and jobs data lured investors out of safe-haven trades just two days after the US Federal Reserve cut interest rates.

In parallel, Eurobond prices in other emerging markets increased this week, as reflected by a decrease in the average yield by 9 basis points to 5.54% this week. In addition, the average spread shrank by 12 basis points over the week to reach 143 basis points, as investors remained encouraged by the US Federal Reserve's decision to cut interest rates by a more-than-expected 50 basis points.

### 21/9/07 14/9/07 29/12/06

Total tradable size \$m	17,115	17,115	14,838 ↔
o.w.: Sovereign bonds	16,425	16,425	13,998 ↔
Average Yield	8.45%	8.47%	7.71% ↓
Average Spread	404	415	300 ↓
Average Life	5.02	5.04	5.89 ↓
Yield on US 5-year note	4.32%	4.16%	4.64% ↑

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**ARAB STOCK MARKETS INDICES:**

	21-Sep-07	14-Sep-07	29-Dec-06	Weekly change	End-year-to-date change
Beirut stock market	123.5	122.0	122.9	1.2%	0.5%
Abu Dhabi securities market	110.2	110.1	104.6	0.1%	5.3%
Amman stock exchange	339.9	333.9	328.5	1.8%	3.5%
Bahrain stock exchange	270.2	270.3	241.9	0.0%	11.7%
Casablanca stock exchange	363.5	365.3	266.4	-0.5%	36.5%
Doha securities market	157.3	153.4	129.1	2.5%	21.8%
Dubai financial market	127.4	126.4	150.1	0.8%	-15.2%
Egypt capital market	512.2	506.8	506.6	1.1%	1.1%
Kuwait stock market	325.2	320.8	225.7	1.4%	44.1%
Muscat securities market	333.3	328.8	271.5	1.4%	22.8%
Saudi stock market	225.2	223.3	223.8	0.9%	0.6%
Tunis Stock Exchange	102.7	103.4	126.8	-0.6%	-19.0%
AMF Composite	279.8	277.0	247.9	1.0%	12.9%

Source: Arab Monetary Fund

**INTERNATIONAL MARKET INDICATORS:**

	21-Sep-07	14-Sep-07	29-Dec-06	Weekly change	End-year-to-date change
<b>EXCHANGE RATES</b>					
YEN/\$	114.98	114.87	118.87	0.1%	-3.3%
\$/£	2.0257	1.9986	1.9708	1.4%	2.8%
\$/Euro	1.4106	1.3877	1.3275	1.7%	6.3%
<b>STOCK INDICES</b>					
DOW JONES INDUSTRIAL AVERAGE	13,820.19	13,442.52	12,463.15	2.8%	10.9%
S&P 500	1,525.75	1,484.25	1,418.30	2.8%	7.6%
NASDAQ	2,671.22	2,602.18	2,415.29	2.7%	10.6%
CAC 40	5,700.65	5,538.92	5,602.76	2.9%	1.7%
Xetra Dax	7,794.43	7,497.74	6,659.92	4.0%	17.0%
FT-SE 100	6,456.70	6,289.30	6,286.90	2.7%	2.7%
NIKKEI 225	16,312.61	16,127.42	17,225.83	1.1%	-5.3%
<b>COMMODITIES</b>					
GOLD OUNCE	733.28	711.35	640.2	3.1%	14.5%
SILVER OUNCE	13.57	12.63	13.05	7.5%	4.0%
BRENT CRUDE	79.72	79.52	61.30	0.3%	30.0%
<b>LEADING INTEREST RATES</b>					
1-month Libor	5.14	5.61	5.33	-0.47	-0.19
US Prime Rate	8.25	8.25	8.25	0.00	0.00
US Discount Rate	5.75	5.75	6.25	0.00	-0.50
US 10-year Bond	4.68	4.45	4.65	0.23	0.03

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