

# Financially Yours,

November 6, 2008

YOUR DAILY ELECTRONIC MARKET REPORT

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**Lebanese Eurobonds**

| USD                   | Coupon | Maturity   | Bid    | Offer   | Bid Yield | Offer Yield | Duration | Mduration | Frq |
|-----------------------|--------|------------|--------|---------|-----------|-------------|----------|-----------|-----|
| 10.25 Lebanon oct 09  | 10.250 | 10/06/2009 | 99.750 | 100.750 | 10.523    | 9.346       | 0.88     | 0.84      | 2   |
| 7.125 Lebanon Mar 10  | 7.125  | 03/05/2010 | 96.250 | 97.250  | 10.219    | 9.375       | 1.27     | 1.21      | 2   |
| 7 7/8 Lebanon May 11  | 7.875  | 05/20/2011 | 96.000 | 97.000  | 9.695     | 9.231       | 2.25     | 2.15      | 2   |
| 9 1/8 Lebanon Mar 13  | 9.125  | 03/12/2013 | 94.000 | 95.000  | 10.889    | 10.584      | 3.60     | 3.42      | 2   |
| 8 5/8 Lebanon June 13 | 8.625  | 06/20/2013 | 92.000 | 93.000  | 10.871    | 10.577      | 3.74     | 3.55      | 2   |
| 9 Lebanon May 14      | 9.000  | 05/02/2014 | 93.000 | 94.000  | 10.721    | 10.466      | 4.39     | 4.17      | 2   |
| 10 Liban Apr 15       | 10.000 | 04/25/2015 | 95.000 | 96.000  | 11.100    | 10.874      | 4.85     | 4.60      | 2   |
| 8.50 Lebanon Aug 15   | 8.500  | 08/06/2015 | 86.000 | 88.000  | 11.539    | 11.067      | 5.02     | 4.75      | 2   |
| 8 1/2 Lebanon Jan 16  | 8.500  | 01/19/2016 | 86.000 | 88.000  | 11.399    | 10.948      | 5.23     | 4.96      | 2   |
| 8 1/4 Lebanon Apr 21  | 8.250  | 04/12/2021 | 76.000 | 77.500  | 12.016    | 11.733      | 7.27     | 6.86      | 2   |

**Emerging Eurobonds**

| Emerging Eurobonds |         |           |       |       |           | Beirut Stock Exchange |       |          |        |        |           |
|--------------------|---------|-----------|-------|-------|-----------|-----------------------|-------|----------|--------|--------|-----------|
| USD                | Coupon  | Maturity  | Bid   | Offer | Mid Yield | Name                  | Rates | % Change | P/E 07 | P/B 07 | Div Yield |
| KAZKOMMERTS        | 7.000%  | 03-Nov-09 | 84.5  | 85    | 25.337%   | Byblos bank           | 1.8   | -0.55%   | 7.56   | 4.20   | 1.8       |
| EVRAZ GROUP S      | 8.875%  | 24-Apr-13 | 43    | 44    | 34.651%   | Byblos bank Preferred | 103   | 0.00%    | -      | -      | 103       |
| IIB LUXEMBOURG     | 9.500%  | 12-Feb-10 | 70    | 77    | 37.723%   | Byblos bank Prty      | 1.88  | 1.62%    | 7.90   | 4.39   | 1.88      |
| SEYCHELLES         | 9.125%  | 03-Oct-11 | 31    | 43.5  | 55.403%   | Audi                  | 69    | 0.00%    | 11.25  | 0.25   | 69        |
| ATF BANK           | 9.250%  | 12-Apr-12 | 55.36 | 65.41 | 28.087%   | Blom                  | 77.95 | 1.04%    | 8.18   | 0.16   | 77.95     |
| LEB. AMR. UNIV *   | 6.750%  | 01-Feb-13 | 102   | 103   | 6.069%    | Solidere A            | 21.6  | 1.27%    | 15.89  | 1.49   | 21.6      |
| ORASCOM TELC.      | 7.875%  | 08-Feb-14 | 84    | 86    | 11.778%   | Solidere B            | 21.7  | 0.84%    | 15.97  | 1.49   | 21.7      |
| VENEZUELA          | 8.500%  | 08-Oct-14 | 64    | 65    | 18.647%   | Holcim                | 14.99 | 3.38%    | -      | -      | 14.99     |
| CELL C             | 11.000% | 01-Jul-15 | 95    | 97    | 11.881%   | Fransabank            | 25.5  | -        | -      | -      | -         |
|                    |         |           |       |       |           | Casino                | 350   | -        | -      | -      | -         |

| Benchmark   | Maturity | Yield | Equity Indices | Price   | % Change | Arab Indices           | Price    | % Change |
|-------------|----------|-------|----------------|---------|----------|------------------------|----------|----------|
| US TREASURY | 2 YEARS  | 1.356 | NASDAQ Comp    | 1681.64 | -5.53%   | BLOM Stock Index .BLSI | 1390.816 | -0.31%   |
|             | 5 YEARS  | 2.512 | NASDAQ 100     | 1299.98 | -5.69%   | SAUDI All Share .SASI  | 6079.66  | 0.60%    |
|             | 10 YEARS | 3.708 | DJI            | 9139.27 | -5.05%   | Doha Stock Market .QSI | 7477.28  | 2.00%    |
|             | 30 YEARS | 4.172 | S&P 500        | 952.77  | -5.27%   | Kuwait SE .KWSE        | 9785.8   | 0.72%    |
| EUR BUND    | 2 YEARS  | 2.502 | Nikkei         | 9521.24 | 4.46%    | Abu Dhabi SE .ADI      | 3435.61  | 1.51%    |
|             | 5 YEARS  | 3.071 | SMI            | 6177.15 | -3.48%   | Egyptian .CASE30       | 5354.35  | 0.75%    |
|             | 10 YEARS | 3.763 | CAC 40         | 3618.11 | -1.98%   | Dubai FM Gen Id .DFMGI | 2917.29  | 0.06%    |
|             | 30 YEARS | 4.356 | DAX            | 5278.04 | 5.00%    | Morocco SI MSI         | 6989.75  | 5.89%    |
|             |          |       | FTSE           | 4530.73 | -2.34%   | Bahrain .BAX           | 2226.92  | 0.61%    |
|             |          |       | Euronext 100   | 613.03  | -2.25%   |                        |          |          |

| Tracker | Underlying     | Last Price | % Change |
|---------|----------------|------------|----------|
| FXI     | China          | 24.65      | -9.41    |
| EWG     | Germany        | 18.35      | -6.76    |
| EWJ     | Japan          | 9.36       | -2.09    |
| EWY     | Korea          | 28.68      | -7.42    |
| EWT     | Taiwan         | 8.49       | -9.2     |
| EWZ     | Brazil         | 38.00      | -10.8    |
| IIF     | India          | 15.45      | -9.01    |
| RNE     | Eastern Europe | 11.60      | -11.11   |
| TKF     | Turkey         | 6.61       | -9.47    |
| GLD     | Gold           | 72.80      | -3.55    |
| USO     | Oil            | 53.84      | -6.17    |

| Byblos Bank Deposits               | Rates |
|------------------------------------|-------|
| <b>USD*</b>                        |       |
| 1 months                           | 3.50% |
| 3 Months                           | 3.50% |
| 6 Months                           | 3.50% |
| 1 Year                             | 3.50% |
| *Benchmark amount 100-200 thds     |       |
| <b>LBP*</b>                        |       |
| 1 months                           | 7.00% |
| 3 Months                           | 6.75% |
| 6 Months                           | 6.50% |
| 1 Year                             | 6.50% |
| *Benchmark amount 100-300 Millions |       |

| Commodities        | Price   | % Change |
|--------------------|---------|----------|
| Gold / Oz          | 741.30  | -1.94%   |
| Silver / Oz        | 1045.50 | 3.21%    |
| Palladium / Oz     | 219.00  | 4.43%    |
| Platinum / Oz      | 880.00  | 2.60%    |
| Copper/ Lbs        | 181.40  | -7.02%   |
| Aluminum / Lbs     | 0.96    | -1.29%   |
| Coffee / Lbs       | 116.70  | 3.87%    |
| Cocoa EUR / 100 Kg | 1999.00 | 1.52%    |
| Wheat / Tone       | 537.25  | -6.16%   |
| Soybean / Bsh      | 894.75  | -5.77%   |
| Wti / Bbl          | 64.45   | -5.99%   |
| Brent              | 61.49   | -2.67%   |

| Libor USD        | Rate |
|------------------|------|
| 1 months         | 1.96 |
| 3 Months         | 2.51 |
| 6 Months         | 2.82 |
| 1 Year           | 2.97 |
| <b>Libor EUR</b> |      |
| 1 months         | 4.28 |
| 3 Months         | 4.66 |
| 6 Months         | 4.72 |
| 1 Year           | 4.77 |

| FX Rates | Bid    | Ask    | Hi     | Lo     |
|----------|--------|--------|--------|--------|
| USD / LL | 1498   | 1504   |        |        |
| Euro     | 1.2845 | 1.2848 | 1.2965 | 1.2839 |
| JPY      | 97.77  | 97.79  | 98.37  | 97.58  |
| GBP      | 1.582  | 1.5826 | 1.5919 | 1.5782 |
| CHF      | 1.1654 | 1.1658 | 1.1664 | 1.1571 |
| CAD      | 1.1754 | 1.1759 | 1.1767 | 1.1674 |
| AUD      | 0.6725 | 0.673  | 0.6847 | 0.6686 |

| Key Economic Calendar   |           |          |
|-------------------------|-----------|----------|
| Data                    | Date      | Forecast |
| <b>US</b>               |           |          |
| US Jobless Claim        | 06-Nov-08 |          |
| US Labor Cost           | 06-Nov-08 | 2.80%    |
| <b>Euroland / Japan</b> |           |          |
| EZ ECB rate decision    | 06-Nov-08 | 3.25%    |

**REGIONAL MARKETS**

Lebanon's BLOM stock index fell 0.31 percent to 1390.816 points. Solidere's A rose 1.27 percent at \$21.60 and its B share rose 0.84 percent to \$21.70. Byblos Bank S.A.L. common fell 0.55 percent at 1.80 and its priority share rose 1.62 percent at 1.88.

Persian Gulf shares gained on investor speculation that Barack Obama's win in the U.S. presidential election

will improve relations between the region and the world's biggest economy. The Abu Dhabi Securities Exchange General Index gained 1.5 percent to 3,435.61. Saudi Arabia's Tadawul All Share index added 0.6 percent to 6,079.66 at 1:56 p.m. local time. The Kuwait Stock Exchange Index rose 0.7 percent and Oman's Muscat Securities Market 30 Index surged 5.9 percent.

**TOP FX NEWS**

The euro fell for a fifth time in six days against the dollar on speculation the European Central Bank is in the midst of the most aggressive round of interest-rate cuts in its 10-year history. The 15-nation currency also declined versus the yen as economists forecast the ECB will lower its main refinancing rate by a half-percentage point to 3.25 percent today, after a similar-sized reduction less than a month ago, and signal further cuts. Britain's pound also weakened on speculation the Bank of England will reduce borrowing costs when it meets today. The euro declined 0.5 percent to \$1.2891 in London from late yesterday in New York. It slumped to 125.95 yen from 126.89 yen. The dollar traded at 97.76 yen from 97.94. The pound fell 0.4 percent to \$1.5854. The Australian dollar slid to 67.33 U.S. cents from 68.13 cents and declined to 65.83 yen from 66.75 yen late yesterday in New York as the UBS Bloomberg Constant Maturity Commodity index of 26 raw materials fell yesterday by the most since Oct. 22. Commodities account for 60 percent of Australia's exports. The ECB will announce its decision at 1:45 p.m. in Frankfurt and the bank's president, Jean-Claude Trichet, will hold a press conference 45 minutes later. The ECB lowered its benchmark rate to 3.75 percent on Oct. 8, joining the Federal Reserve, the Bank of England, the Bank of Canada and the Swiss National Bank in coordinated reductions.

USD/JPY

Res: 099.06/099.45/100.56

Sup: 097.40/096.35/096.08

EUR/USD

Res: 1.3049/1.3117/1.3161

Sup: 1.2847/1.2795/1.2665

GBP/USD

Res: 1.5977/1.6058/1.6200

Sup: 1.5755/1.5602/1.5547

GOLD

Res: 751.10/762.70/769.20

Sup: 730.00/720.40/708.10

**EUROLAND**

European stocks retreated for the first time in seven days after disappointing earnings overshadowed speculation that Barack Obama will boost the U.S. economy with a stimulus package. ArcelorMittal, the biggest steelmaker, slumped 15 percent after saying it will double production cuts. BNP Paribas SA dropped 1.5 percent as third-quarter profit at France's largest bank missed analysts' estimates. Carlsberg A/S, the Nordic region's biggest brewer, declined 5.3 percent after lowering its full-year earnings and sales forecasts. Europe's Dow Jones Stoxx 600 Index lost 2.3 percent to 228.13 in London. Companies from ArcelorMittal and BNP Paribas to Nokia Oyj and BASF SE have reported earnings that fell short of expectations as economic growth slows. Earnings for the 924 companies in western Europe that reported results since Oct. 7 declined 4.9 percent on average, trailing expectations by 3.6 percent, Bloomberg data show. National benchmark indexes fell in all 18 western European markets except Spain and Iceland. The U.K.'s FTSE 100 sank 2.3 percent and France's CAC 40 lost 2 percent. Germany's DAX slid 2.1 percent. Q-Cells SE tumbled 19 percent in Frankfurt after Deutsche Bank recommended selling shares in the solar company. Stocks may extend declines after Obama's victory before picking up, if election history is any guide. The Standard & Poor's 500 Index fell by 0.9 percent in the month after a Democrat wins the presidency, based on the median change of 10 victories by party since 1932, according to data compiled by Bloomberg. Still, when Democrats won for the first time, the S&P 500 recovered those losses and advanced 9.3 percent over the next 12 months. A rally in the S&P 500 may be in the offing soon

after Inauguration Day in January, based on the speed of its tumble from last year's peak and the time it took stocks to gain before recessions ended in 1975, 1982 and 1991. Should the current recession be as severe as the one in the 1970s, it will last until July 2009, according to economist estimates. Given the stock market's history of anticipating economic recoveries, the S&P 500 may start its next bull market in February. The European Central Bank and the Bank of England are forecast to cut rates again when they meet today. BNP Paribas fell 1.5 percent to 57.60 euros. France's largest bank said third-quarter profit slumped 56 percent as provisions for risky loans quadrupled following the collapse of Lehman Brothers Holdings Inc. Net income declined to 901 million euros (\$1.17 billion), missing the 1.38 billion-euro median estimate of 13 analysts surveyed by Bloomberg. Carlsberg dropped 5.3 percent to 243.50 kroner after cutting its full-year outlook. Third-quarter net income rose to 1.22 billion kroner (\$210 million), short of the 1.46 billion-krone estimate of seven analysts surveyed by Bloomberg News. Q-Cells tumbled 19 percent to 32.87 euros after Deutsche Bank cut its recommendation to "sell" from "buy," citing slower growth. Credit markets are still creaking even after the biggest decline on record in the rate banks say they charge each other to borrow dollars. The London interbank offered rate, or Libor, for three-month loans declined to 2.51 percent yesterday, from 4.82 percent on Oct. 10. The rate is still 151 basis points more than the Federal Reserve's target interest rate for overnight bank loans.

## US MARKETS

The stock market posted its biggest plunge following a presidential election as reports on jobs and service industries stoked concern the economy will worsen even as President-elect Barack Obama tries to stimulate growth. Citigroup Inc. tumbled 14 percent and Bank of America Corp. lost 11 percent as the Standard & Poor's 500 Index and Dow Jones Industrial Average sank more than 5 percent. Nucor Corp., the largest U.S.-based steel producer, slid 10 percent after bigger rival ArcelorMittal doubled production cuts amid slowing demand. Boeing Co., the world's second-largest commercial planemaker, lost 6.9 percent after UBS AG forecast a 3 percent drop in global air traffic next year. The S&P 500 tumbled 52.98 points, or 5.3 percent, to 952.77, erasing yesterday's 4.1 percent rally. The Dow retreated 486.01, or 5.1 percent, to 9,139.27. The Russell 2000 Index of small U.S. companies fell 5.7 percent to 514.64. The MSCI World Index of 23 developed markets decreased 2.5 percent to 982.98. The slide halted an 18 percent rebound from the S&P 500's five-year low on Oct. 27. The benchmark for U.S. equities has lost more than 35 percent this year, the steepest annual plunge since 1937, and Obama will have to contend with an economy pummeled by the fastest contraction in manufacturing in 26 years and the lowest consumer confidence. Citigroup lost \$2.05 to \$12.63 and Bank of America plunged \$2.78 to \$21.75. The S&P 500 Financials Index sank 8.8 percent after extending declines late in the day following Oppenheimer & Co. analyst Meredith Whitney's prediction on CNBC that the mortgage market

will contract and more than \$2 trillion in available credit-card lines will be pulled from the system. Whitney also said potential loan modifications under an Obama administration will hurt banks and diminish their appetite for risk. The S&P 500 has lost about 39 percent since it peaked at 1,565.15 on Oct. 9, 2007, as the U.S. economy contracted 0.3 percent last quarter and credit-related losses and writedowns by global financial firms approached \$700 billion. More than \$6 trillion was erased from U.S. equities this year by the worst financial crisis since the Great Depression. Nucor sank \$4.16 to \$35.50. Luxembourg-based ArcelorMittal reported third-quarter profit that fell short of analyst estimates, said its global output will drop by more than 30 percent, and forecast fourth-quarter earnings will fall as much as 48 percent. The company's New York-registered shares slumped 22 percent to \$24.88, their biggest retreat in seven years. Boeing fell \$3.67 to \$49.55. Its share price, which rose 28 percent from Oct. 10 through yesterday, "is at least six to nine months from bottoming and beginning to mover higher again," David E. Strauss, a New York-based analyst at UBS, wrote in a report. Aircraft deliveries may tumble 29 percent from 2009 to 2012, the analyst said. Textron Inc. lost \$1.71, or 9.2 percent, to \$16.93. MBIA Inc. and Ambac Financial Group Inc. slumped after the bond insurers posted wider losses than analysts estimated. MBI fell 22 percent to \$8.16. Ambac, dropped from the S&P 500 in June, fell 41 percent to \$2.01.

## EMERGING MARKETS

Brazilian stocks fell the most in a week, led by steelmakers, on concern economic growth will slow and overseas metal demand will falter. Usinas Siderurgicas de Minas Gerais SA, Brazil's second- biggest steelmaker, paced a drop in metal producers after rival Gerdau SA cut output and ArcelorMittal predicted lower profit. Gafisa SA, the second-largest homebuilder, lost 14 percent as Planning Minister Paulo Bernardo told Folha de S. Paulo that growth will slow to 3.7 percent next year. Stocks dropped around the world as concern about a worsening economy overshadowed Barack Obama's victory in the U.S. presidential election. The Bovespa index slid 6.1 percent to 37,785.66. Mexico's Bolsa dropped 4.5 percent. Chile's Ipsa fell 1.2 percent. The MSCI Emerging Markets Index lost 0.7 percent. Mexico's main stock index snapped a six-day winning streak, dragged down by Wal-Mart de Mexico SAB, the country's biggest retailer. Elsewhere in Latin America, Argentina's Merval's fell 1.1 percent, Peru's Lima General dropped 3.1 percent and Colombia's IGBC slid 3.2 percent.

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