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LEBANON THIS WEEK

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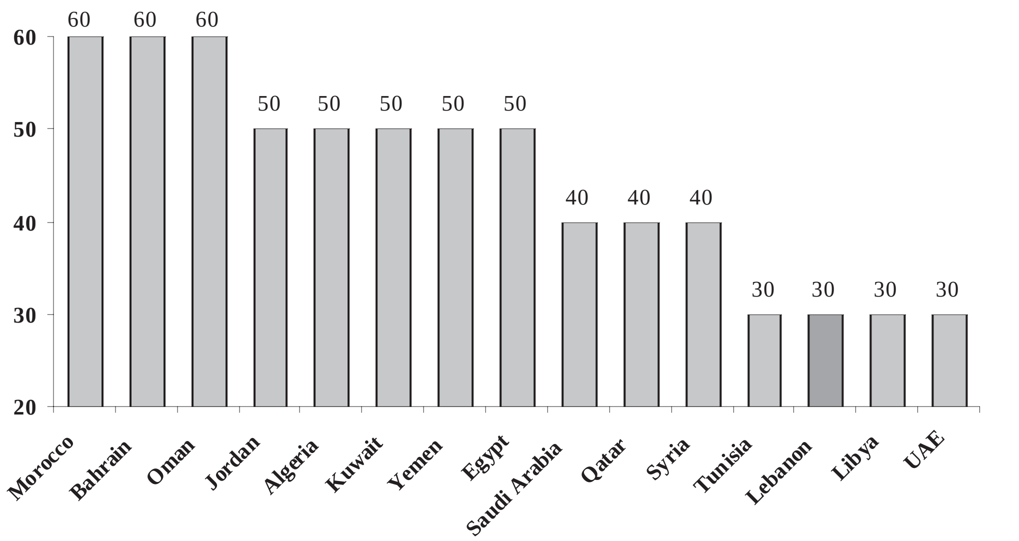
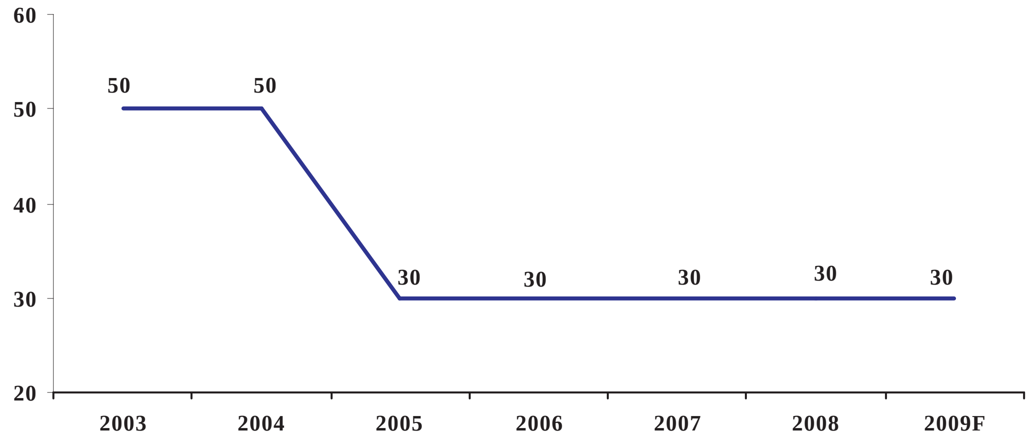
Charts of the Week

Index of Investment Freedom in MENA Countries for 2009



Index of Investment Freedom for Lebanon



Source: Heritage Foundation/Wall Street Journal, 2009

Quote to Note

"The success of the transaction reflects confidence in the Lebanese economy and its future prospects."

Finance Minister Mohamad Shatah, on the successful exchange of $2.3bn in Eurobonds that mature this year

Number of the Week

3.6%: Estimated average inflation rate in Lebanon for 2009, as projected by the International Monetary Fund

Economic Indicators

$m *(unless otherwise mentioned)*	2007	Jan. 08	Nov. 2008	Dec. 2008	2008	Jan. 09	% Change*
Exports	2,816	262	330	250	3,478	281	7.25
Imports	11,815	1,107	1,664	1,135	16,133	1,067	(3.61)
Trade Balance	(8,999)	(845)	(1,334)	(885)	(12,655)	(786)	(6.98)
Balance of Payments	2,036	(259)	303	714	3,462	364	(240.54)
Checks Cleared in LBP	8,409	766	764	832	9,350	927	21.02
Checks Cleared in FC	29,893	3,109	3,548	3,181	43,174	3,434	10.45
Total Checks Cleared	38,302	3,875	4,312	4,013	52,524	4,361	12.54
Budget Deficit/Surplus	(2,546)	(183)	(511)	(332)	(2,921)	(305)	66.67
Primary Balance	731	175	(246)	(49)	597	(7)	(104.00)
Airport Passengers	3,408,834	280,278	299,175	419,329	4,085,334	307,127	9.58

$bn *(unless otherwise mentioned)*	Dec. 2007	Jan. 2008	Oct. 2008	Nov. 2008	Dec. 2008	Jan. 09	% Change*
BdL FX Reserves	9.78	9.79	16.17	16.42	17.06	17.59	79.67
In months of Imports	*9.19*	*8.84*	*10.85*	*9.87*	*15.03*	*16.48*	*86.42*
Public Debt	42.03	42.23	46.08	46.83	47.01	46.99	11.27
Net Public Debt	39.03	39.07	40.74	41.15	41.49	41.43	6.04
Bank Assets	82.26	83.07	90.43	91.76	94.25	93.79	12.90
Bank Deposits (Private Sector)	67.29	68.08	74.80	75.60	77.78	77.74	14.19
Bank Loans to Private Sector	20.42	21.38	24.61	24.69	25.04	24.96	16.74
Money Supply M2	16.47	16.56	23.10	23.87	24.76	25.41	53.44
Money Supply M3	59.83	60.28	66.38	67.08	68.66	68.62	13.83
LBP Lending Rate (%)	10.10	10.04	9.90	10.08	9.95	10.07	3b.p.
LBP Deposit Rate (%)	7.40	7.35	7.28	7.27	7.22	7.22	(13b.p.)
USD Lending Rate (%)	8.02	7.93	7.53	7.54	7.47	7.35	(58b.p.)
USD Deposit Rate (%)	4.69	4.57	3.54	3.47	3.33	3.31	(126b.p.)
%* Change in CPI**	5.92	5.68	11.16	8.35	6.36	4.03	(165b.p.)

** Year-on-Year; ** Consumer Price Index*
Note: b.p. i.e. basis point
Sources: ABL, BdL

Capital Markets

Most Traded Stocks on BSE	Last Price ($)	% Change*	Total Volume	Weight in Market Capitalization
Solidere "A"	15.79	0.57	303,604	18.63%
Solidere "B"	15.60	(0.70)	124,990	11.97%
Byblos Common	1.65	3.12	332,620	4.23%
Byblos Priority	1.64	(2.96)	25,750	3.99%
Byblos Pref. 08	98.00	2.08	1,200	2.31%
BLOM GDR	64.25	2.80	9,350	5.60%
BLOM Listed	60.00	(1.64)	25,000	15.22%
Audi GDR	45.53	3.08	40,440	5.28%
Audi Listed	38.50	(3.75)	21,535	15.53%
HOLCIM	13.08	0.00	0.00	3.01%

*Source: Beirut Stock Exchange (BSE); *Week-on-week*

Sovereign Eurobonds	Coupon %	Mid Price $	Mid Yield %
Mar. 2010	7.125	100.63	6.43
May 2011	7.875	101.88	6.92
Mar. 2012	7.500	100.88	7.17
Sep. 2012	7.750	101.13	7.37
June 2013	8.625	101.63	8.16
Apr. 2015	10.000	106.88	8.53
Jan. 2016	8.500	99.13	8.67
May 2016	11.625	114.75	8.79
Mar. 2017	9.000	101.13	8.80
Apr. 2021	8.250	92.19	9.34

Source: Byblos Capital Markets

	This Week	Last Week	% Change	Feb. 2009	Feb. 2008	% Change
Total Shares Traded	892,419	154,480	477.69	54,105,555	2,398,001	2,156.28
Total Value Traded	$12,171,929	$2,663,016	357.07	$115,261,712	$43,415,201	165.49
Market Capitalization	$8.47bn	$8.51bn	(0.46)	$8.55bn	$10.54bn	(18.90)

Source: Beirut Stock Exchange (BSE)

Lebanon ranks 102nd globally, 15th in MENA region in country risk, posts 8th best improvement since September

In its semi-annual survey of the country risk of 186 countries, *Euromoney* magazine ranked Lebanon in 102nd place worldwide and 12th among 20 countries in the Middle East and North Africa region. Lebanon ranked 134th globally and 15th regionally in the September 2008 survey and in 127th place worldwide and 16th in the MENA region in March 2008. Also, Lebanon came in 29th place among 36 upper middle income countries (UMICs) included in the survey. The survey evaluates individual country risk by assigning a weighting to 9 categories that cover political risk, economic performance, debt indicators, debt in default or rescheduled debt, credit ratings, access to bank finance, access to short-term finance, access to capital markets, and discount on forfeiting.

Globally, Lebanon ranked ahead of Lesotho, Georgia and Vanuatu, and came immediately behind Angola, Sri Lanka and Jamaica. It also ranked ahead of Samoa and behind Venezuela among UMICs. Lebanon's rank improved by 32 spots from the September 2008 survey and by 25 spots from March 2008, posting the 8th highest rise in the global rankings and the second best regional rise after Libya. Norway had the lowest risk worldwide and Zimbabwe the highest risk globally.

Lebanon received a score of 41.73 points, constituting an increased of 18.7% from the September 2008 survey and by 12.6% from March 2008, and posted the 16th best growth in scores globally in the past six months and the third highest in the region after Iraq and Libya. Its score still came below the global average of 48.98 points as well as lower than the MENA and Arab averages of 51.57 points and 51.43 points, respectively. It also scored below the average of 52.88 points for UMICs. The scores of the individual categories of country risk for Lebanon were mixed and most of them remained largely in the same range as a year earlier, but some sub-indicators improved such as political risk and economic performance due to the decline in political tensions following the Doha Accord in May 2008.

Lebanon ranked ahead of Yemen and behind Kenya on the Political Risk category; while it tied with, Grenada, Rwanda, Belize, Bolivia, Malawi and Mali and ranked ahead of Argentina and came behind Paraguay on the Credit Ratings category.

In parallel, Lebanon ranked in first place globally, along with 158 countries, on the Debt in Default or rescheduled category, and tied with such countries as Luxembourg, Denmark, Germany and the United States. It maintained a perfect score on this category, reflecting the country's clean record of honoring all of its debt obligations. Further, Lebanon tied with Uganda, Papua New Guinea, Djibouti, Senegal, Niger and Bhutan, ranked ahead of Kazakhstan and came behind Libya in terms of Access to Short-term Finance. It also ranked ahead of the Dominican Republic and behind Ghana on the Access to Capital Markets category. Also, Lebanon ranked ahead of Mongolia and behind Papua New Guinea on the Economic Performance category, while it came ahead of Jamaica and behind Bulgaria on the Debt Indicators category. Finally, Lebanon also tied with Ukraine and Yemen, ranked ahead of Ghana and came behind Sri Lanka in terms of Discount on Forfeiting.

Country Risk Scores for Lebanon by Category

	Weighting	Mar-09	Sep-08	Mar-08
Political Risk	25	9.93	6.71	7.41
Economic Performance	25	7.16	7.63	5.73
Debt Indicators	10	7.95	4.00	7.21
Debt in Default or rescheduled	10	10	10	10
Credit Ratings	10	0.63	0.63	0.78
Access to Bank Finance	5	-	-	-
Access to Short term Finance	5	2.06	1.96	1.73
Access to Capital Markets	5	2.75	2.40	2.48
Discount on Forfeiting	5	1.25	1.83	1.68

Source: Euromoney, Byblos Research

MENA Countries Rankings & Scores

	Score	MENA Rank	Global Rank
Kuwait	80.31	1	21
UAE	76.29	2	28
Qatar	75.86	3	29
Bahrain	74.55	4	33
Israel	73.62	5	35
Saudi Arabia	72.60	6	37
Oman	71.40	7	38
Tunisia	57.59	8	53
Morocco	55.60	9	63
Egypt	53.06	10	70
Jordan	50.17	11	73
Lebanon	**41.73**	**12**	**102**
Libya	39.72	13	117
Yemen	39.04	14	121
Algeria	38.54	15	127
Iran	32.15	16	151
Sudan	31.72	17	152
Syria	27.76	18	163
Iraq	24.59	19	167
Mauritania	15.17	20	177

Source: Euromoney, Byblos Research

Country Risk Indicators for Lebanon

	MENA Rank	Global Rank
Political Risk	14	139
Economic Performance	14	96
Debt Indicators	14	123
Debt in Default*	1	1
Credit Ratings	14	119
Access to Bank Finance	10	103
Access to Short term Finance	15	126
Access to Capital Markets	12	84
Discount on Forfeiting	11	103

**or rescheduled*

Source: Byblos Research

Lebanon in the News

Lebanon's travel and tourism economy to generate $7.78bn this year, ranks 19th among 181 countries in terms of its contribution to GDP in 2009

The World Travel & Tourism Council (WTTC) estimated that the travel & tourism industry would contribute directly $2.59bn to the Lebanese economy in 2009, equivalent to 9.3% of GDP, and direct industry employment will reach 149,800, representing 9.6% of total employment in Lebanon this year. It added that, since travel & tourism (T&T) touches all sectors of the economy, its real direct and indirect impact is even greater, and forecast it will generate $7.78bn, or 28.1%, of overall economic activity in Lebanon in 2009, including 439,600 jobs, or one in every 3.6 jobs, representing 28.1% of total employment in 2009. It added that the T&T industry's direct contribution to Lebanon's economic activity will rise to $4.8bn, or 8.6% of GDP in 2019, while the broader T&T economy will contribute $14.2bn, or 25.7% of GDP by 2019.

The WTTC projected the T&T economy in Lebanon to grow by 3% per year in real terms between 2010 and 2019 compared to 4.3% in the Middle East and 4% globally over the same period of time, while the T&T direct industry will grow by 3.1% per year in real terms during the 2010-2019 period compared to 4.7% growth for the Middle East and 3.6% globally. Lebanon's T&T economy ranked 19th among 181 countries in terms of its contribution to GDP in 2009, while it ranked in 149th place worldwide in terms of its annualized growth rate over the 2010-2019 period.

Further, the T&T direct industry jobs are forecast to reach 160,900 or 8.9% of total jobs in Lebanon by 2019, while employment in Lebanon's T&T economy should total 468,300 jobs overall, or one in every 3.9 jobs, equivalent to 25.8% of total employment by 2019. In comparison, the WTTC forecast direct industry employment in the Middle East to grow by 3.4% over the 2010-19 period and to account for 3% of total employment, while it forecast the T&T economy employment to grow by 3% and to account for 8.4% of total employment in the region. Lebanon ranked 19th worldwide in terms of the share of its T&T economy employment out of total employment, while it came in 153rd place in the real growth rate of T&T employment over the coming 10 years.

Travel & Tourism contribution in Lebanon ($bn)

	2009	2019f	Growth* (%)
Personal Travel & Tourism	4.53	9.80	4.8
Business Travel	0.48	1.05	4.9
Government Expenditures	0.38	0.59	1.4
Capital Investment	0.74	1.30	2.6
Visitors Exports	6.81	12.61	3.2
T&T Direct Industry GDP	2.59	4.77	3.1
T&T Economy GDP	7.78	14.18	3.0
Travel & Tourism Demand	12.98	25.41	3.7
T&T Industry Employment**	149.8	160.9	0.7
T&T Economy Employment**	439.6	468.3	0.6

**real annualized growth over 2010-2019*
***in thousands of jobs*
Source: World Tourism & Travel Council

Total Paris III commitments reach $5.4bn at end-2008

The Ministry of Finance indicated that a total of $5.38bn in Paris III-related pledges has been signed as at end-2008, equivalent to 71.4% of the $7.53bn that were pledged at the donor conference held in January 2007. It estimated that $3.12bn were disbursed by end-2008, equivalent to 58% of signed agreements and 41.4% of total pledges. Budget support agreements totaled $2.13bn, equivalent to 39.6% of total signed agreements by the end of last year, followed by private sector support with $1.43bn (26.6%), project finance support with $1.05bn (19.4%), in-kind support with $326m (6%), support through the UN with $306m (5.7%), support through civil society organizations (CSO) with $99m (1.8%) and Central Bank support with $43m (0.8%). The Finance Ministry said that budget support agreements totaled $2.13bn, exceeding the $1.74bn pledged due to the $500m debt transaction with Malaysia and a second Emergency Post Conflict Assistance Program of $37m with the IMF. Excluding these transactions, budget support agreements accounted for 92% of total budget support pledged at the conference. The ministry added that 100% of Central Bank and CSO support, 94.5% of UN support, 86% of budget support, 83% of in-kind support, and 54% of private-sector support have been disbursed.

The United States accounted for $990m, or 18.4% of total signed grants and loan agreements. It was followed by the European Investment Bank with $800m (14.9%), France with $599 (11%), The Arab Fund for Social & Economic Development with $422m (7.8%), the World Bank Group with $405m (7.5%), the Arab Monetary Fund with $375m (7%), the UAE with $300m (5.6%), and the Islamic Development Bank with $250m (4.6%) as the top donors.

Successful voluntary exchange of maturing Eurobonds, demand at record 83%

The Finance Ministry announced the successful voluntary exchange of sovereign Eurobonds maturing in 2009, adding that demand for the exchange reached 82.8% of the $2.3bn in maturing Eurobonds. The exchange was jointly lead-managed by Byblos Bank sal, Crédit Libanais sal and global investment bank Credit Suisse. The Eurobonds due this year include a 5-year €225m issue maturing in May, a 3-year $352m bond due in August, a 10-year $636m bond maturing in October, a 5-year $625m issue due in November, and a 5-year $425m issue maturing in December. In exchange, the government issued a 3-year $600m bond carrying a coupon rate of 7.5% and due in 2012, an 8-year $1.5bn bond carrying a coupon rate of 9% and due in 2017, and a 3-year €211m bond with a coupon rate of 7.75% due in 2012. The ministry noted that the bonds include $450m in new issues due to high demand. It added that the exchange is the biggest in the Middle East and one of the largest in the world outside the United States. Lebanon has a total of $17.5bn in outstanding Eurobonds, with a weighted interest rate of 7.21% and a weighted life of 4.7% as at end-December 2008.

Voluntary debt exchange supports ratings

Moody's Investors Service indicated that the government's recent voluntary debt exchange is supportive of its 'B3' ratings. It said the exchange improves the structure of the government's large debt stock by extending its average maturity and reducing roll-over risk in the near term. Following the debt exchange, the government's next significant Eurobond maturity is of around $1.1bn due in March 2010. The yields of the new bonds range between 7.5% and 9%, representing a spread over equivalent swap rates of between 547 and 612 basis points. Last December, Moody's changed the outlook on Lebanon's 'B3' sovereign ratings to 'positive' from 'stable'. It said the debt exchange supports its favorable view of the credit, adding that the government retains a good ability to finance itself, despite the large size of its debt and a wide fiscal deficit, due to a reliable domestic investor base. Further, the bulk of the public debt in Lebanon is held by domestic commercial banks, which remain willing and able to purchase and roll over government securities, as indicated by the debt swap. Moody's noted that the Central Bank's foreign exchange reserves have risen significantly over the past year due to deposit inflows to commercial banks and the rate of dollarization has declined, reflecting increased confidence in Lebanon's banking system and the country's political and economic prospects.

World Bank grants $4m for administrative reforms at the Finance Ministry

The World Bank granted $4m for the implementation of financial administrative reforms at the Finance Ministry, with the purpose of improving the management of public funds and resources. The $4m grant is the last part of the $70m financial aid disbursed by the World Bank for the reconstruction of Lebanon following the summer 2006 war. About $30m of the financial aid were allocated for the reconstruction of infrastructure in severely damaged areas; $15m for a drinking-water project in the Bekaa; $15m to the International Finance Corporation, the private arm of the World Bank, for direct support to the private sector; $5m for technical assistance to the national power company Electricité du Liban; and $1m for reforms in the social and healthcare sectors.

Lebanon to increase its quota at the IMF

The International Monetary Fund (IMF) approved the increase of Lebanon's share in its capital, which could allow the country to benefit from more funding in the future if needed. Lebanon will raise its quota at the IMF by 63.4 million 'special drawing rights' (SDRs), or $93.2m, to 266.4 million SDRs. It initially had a quota of 203 million SDRs, or $298.5m, representing 0.09% of the total, and 2,280 voting rights, or 0.1% of the total.

SDRs are international reserve assets created by the IMF to supplement other reserve assets that periodically have been allocated to IMF members in proportion to their respective quotas. SDRs are not considered liabilities of the Fund, and IMF members to whom SDRs are allocated do not incur actual liabilities to repay allocations. SDRs can be used to acquire other member's currencies,, to settle financial obligations, and to extend loans. The United States has highest quota at the IMF with 37.1 billion SDRs, equivalent to about $61bn, giving it more than 16% of voting rights.

Launch of first Wimax network in Lebanon

Telecom services provider Globalcom Data Services, in partnership with the Ministry of Post & Telecommunications and the Union of Arab ICT Associations, launched the first Wimax network in Lebanon. The wireless network will allow towns and villages that do not benefit from ADSL services in the north of the country to have access to high-speed Internet. Wimax, or Worldwide Inter-operability for Microwave Access, is a telecommunications technology that provides wireless transmission of data using a variety of transmission modes, from point-to-multipoint links to portable and fully mobile internet access.

Beirut port revenues up 40.4% in first two months of 2009

Figures released by the Port of Beirut Authority show that port revenues amounted to $26.6m in the first two months of 2009, up 40.4% from the same period of 2008. Freight activity reached 932,000 tons in the first two months of 2009, down 4% compared to the same period of 2008. The number of ships reached 380, up 11.4% compared to a year earlier. Further, the port's revenues reached $12.5m in February 2009, down 11.3% from the previous month. Freight activity decreased by 14.3% to 430,000 tons and the number of ships increased by 3.2% to 193 ships in February 2009 from the previous month.

Corporate Highlights

Car sales up 12.7% year-on-year in first two months of 2009

Figures released by the Association of Automobile Importers in Lebanon indicate that a total of 4,028 new passenger cars were sold in the first two months of 2009, constituting an increase of 12.7% from the 3,575 cars sold in the same period of 2008. Japanese cars accounted for 47.2% of total sales, followed by European automobiles with a 29.2% market share, Korean cars with 16.1%, American vehicles with 7.4%, and Chinese vehicles with 0.1 %. European cars posted the biggest growth in sales with a 29% jump year-on-year, followed by Chinese cars with a 25% rise, Korean cars with a 15.1% growth and Japanese cars with a 5.9% increase. American cars recorded a 1% decrease in sales year-on-year. Nissan is the leading brand in the Lebanese market with 717 cars sold in the first two months of 2009, followed by Toyota with 662 cars sold, Kia with 418, Peugeot with 279, Hyundai with 228, Honda with 225 and BMW with 207 cars.

Launch of Lebanese-Italian luxury goods venture

Malia Holding Group set up a $1m joint-venture for luxury products called Malia Mariella Burani with Italy's Burani Designer Holding Group. The venture invested about $3.5m for the opening of a number of high-end boutiques in the Beirut Central District. The new company will also represent all Burani Group brands both in Lebanon and in other countries of the Middle East. Burani Designer Holding currently holds 61% of Mariella Burani Fashion Group SpA, which operates in the fashion apparel, leather goods and jewelry market segments. Malia Holding is a Lebanese industrial, retail, services and distribution conglomerate that owns firms in the pharmaceuticals, consumer goods, personal and professional-care products, and fashion retail. It is also involved in hospitality, real estate development, engineering, contracting, system integration and IT solutions.

BLOM Bank plans dividends of LP5,500 per common share for 2008

The Board of Directors of BLOM Bank sal announced an Ordinary General Assembly for April 8, 2009 and will propose to distribute dividends of LP5,500 ($3.6) per share, net of a 5% distribution tax, for shareholders carrying common shares. BLOM, Lebanon's largest bank, posted net profits of $251.6m in 2008, up 23% from the previous year. It had total assets of $17.9bn, loans of $3.5bn and aggregate deposits of $15.1bn at end-2008.

Ratings for HSBC Bank Middle East under review for possible downgrade

Moody's Investors Service placed on review for possible downgrade the 'C+' Bank Financial Strength Rating of HSBC Bank Middle East Limited. It also placed on review for possible downgrade the bank's 'Aa2' foreign currency deposit and debt ratings, the 'Aa2' global local currency deposit ratings as well as the 'Aa3' and 'Aa2' foreign currency debt rating for senior debt and subordinated obligations. The agency attributed the rating action to expected asset quality and profitability pressures in the countries where the bank operates. HSBC Bank Middle East operates through a network of 44 branches in Lebanon, Jordan, the UAE, Oman, Bahrain, Qatar, Kuwait, Pakistan, and Palestine. The bank operates in Lebanon through 5 branches and had assets of $922m, loans of $307m and deposits of $824m at end-2007. The agency noted that the challenging operating environment in the UAE, which constitutes the largest part of the bank's operations, has become more volatile and significantly raises the potential of delinquencies in the next 12-18 months. The bank is a fully-owned subsidiary of HSBC Holdings plc. Moody's said the review will also consider the level of parental support incorporated in the debt ratings, given increasing pressures on the parent's ratings. HSBC Bank Middle East reported total assets of $37.15bn and total equity of $2.37bn under as at year-end 2007.

CMA CGM's ratings placed on CreditWatch Negative on continued weak container market

Standard & Poor's placed its long-term 'BB+' corporate credit rating and 'BB-' senior unsecured debt ratings on France-based and Lebanese-owned container shipping operator CMA CGM SA on CreditWatch with negative implications. It attributed the action to the continued deterioration of industry conditions that may further weaken the group's financial credit measures. It said the CreditWatch placement has been prompted by the global economic downturn, which continues to depress container freight rates and operators' earnings. It noted that demand has declined substantially at a time when ship supply is increasing, and continues to significantly exceed demand. It expressed concerns that depressed freight rates and volumes may further weaken CMA CGM's profitability and leverage measures.

S&P said CMA CGM's operating margin weakened to about 18% in the 12 months ending September 2008 from about 22% a year earlier, reflecting higher costs and falling rates, which have hampered margins. It anticipated a further decline in profit margins as freight rates have fallen further since last September. S&P added that CMA CGM will need strong cash flow generation to support its financial leverage, which is high for the ratings in a deteriorating industry environment. CMA CGM's debt to EBITDA was 6.3x for the 12 months ending September 2008 and investment commitments remain significant, reflecting the group's aggressive growth ambitions. Last December, Fitch Ratings downgraded the company's Long-term issuer Default Rating to BB+ from 'BBB-' and its Short-term IDR to 'B' from 'F3'; while Moody's Investors Service revised its outlook on the firm's ratings to 'negative' from 'stable'. Headquartered in Marseille, the privately-owned CMA CGM is the third largest container shipping company in the world with 913,000 twenty-foot equivalent unit (TEU) capacity at end-2007. It has a global network of 81 main lines and 37 feeder lines, calling at 228 ports in 161 countries. It generated revenues of about $11.8bn in 2007.

Ratio Highlights

(in % unless specified)	2006	2007	2008	Change*
Nominal GDP*(1)* ($bn)	22.7	24.6	28.8	
External Debt / GDP	89.9	86.4	73.4	(1,300)
Local Debt / GDP	88.1	84.6	89.8	520
Total Debt / GDP	178.4	171.0	163.2	(780)
Trade Balance / GDP	(31.3)	(36.6)	(43.9)	(730)
Exports / Imports	24.3	23.8	21.6	(220)
Budget Revenues / GDP	19.4	23.6	24.4	80
Budget Expenditures / GDP	30.8	33.9	34.5	60
Budget Balance / GDP	(11.5)	(10.3)	(10.1)	20
Primary Balance / GDP	0.4	2.9	2.1	(80)
BdL FX Reserves / M2	65.6	59.6	68.9	930
M3 / GDP	234.4	243.2	238.4	(480)
Bank Assets / GDP	327.2	334.4	327.3	(710)
Bank Deposits / GDP	267.4	273.5	270.1	(340)
Private Sector Loans / GDP	67.4	72.2	86.9	1,470
Dollarization of Deposits	76.2	77.3	69.6	(770)
Dollarization of Loans	84.0	84.3	86.6	230

** Change in basis points 06/07*
(1) Based on Ministry of Finance Estimations and the International Monetary Fund
Source: Association of Banks in Lebanon, Byblos Research Calculations
Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

Risk Outlook

Lebanon	Dec 2007	Nov 2008	Dec 2008	Change*	Risk Level
Political Risk Rating	56.5	57.5	57.5	↑	High
Financial Risk Rating	31.5	28.0	28.0	↓	High
Economic Risk Rating	29.0	30.0	30.0	↑	Moderate
Composite Risk Rating	58.5	57.7	57.7	↓	High

Regional Average	Dec 2007	Nov 2008	Dec 2008	Change*	Risk Level
Political Risk Rating	65.6	65.6	65.6	↔	Moderate
Financial Risk Rating	41.3	41.5	41.8	↑	Very Low
Economic Risk Rating	40.0	39.0	39.5	↓	Low
Composite Risk Rating	73.5	73.0	73.4	↓	Low

**year-on-year*
Source: The PRS Group, Byblos Research
Note: Political & Composite Risk Ratings range from 0 to 100 (where 100 indicates the lowest risk)
Financial & Economic Risk ratings range from 0 to 50 (where 50 indicates the lowest risk)

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's	B3	NP	Positive			
Fitch	B-	B	Stable	B-		
S&P	B-	C	Stable	B-	C	Stable
Capital Intelligence	B-	B	Stable	B-	B	Stable

Source: Rating agencies

Banking Ratings	Banks' Financial Strength	Banking Sector Risk	Outlook
Moody's	D-		Stable
EIU		B	Stable

Source: Rating agencies

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