



LEBANON THIS WEEK

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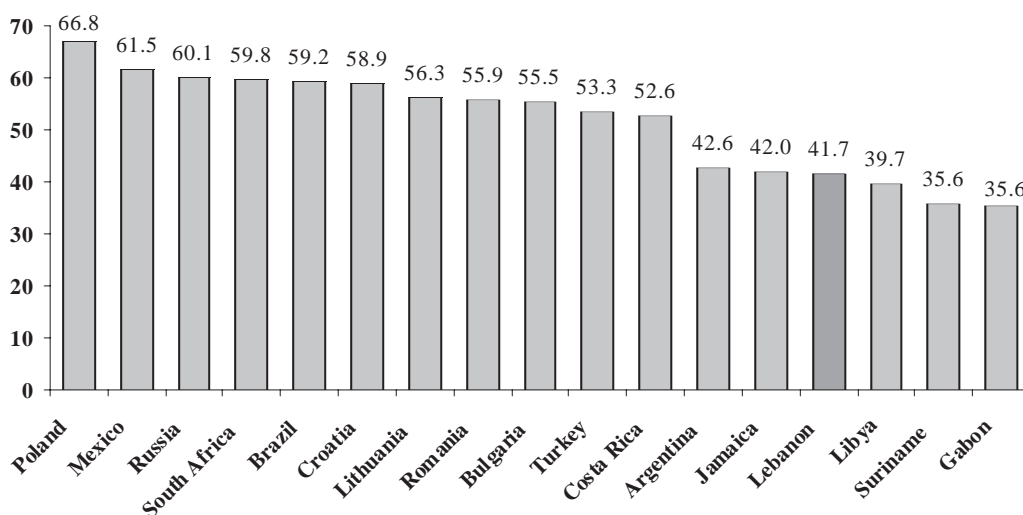
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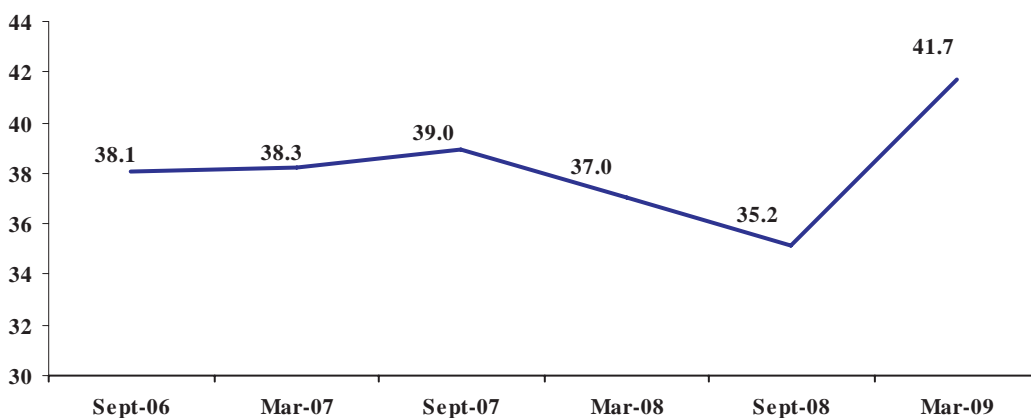
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Charts of the Week

Level of Country Risk in selected Upper-Middle-Income Countries as at March 2009



Level of Country Risk for Lebanon



Source: Euromoney magazine, March 2009

Quote to Note

“After years of instability, Lebanon is getting its groove back.”

The Los Angeles Times, on Lebanon regaining its place globally as a must-visit tourism destination

Number of the Week

\$898m: Outstanding value of bank-issued certificates of deposits, Eurobonds and subordinated debt at end-January 2009, according to the Association of Banks in Lebanon

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
<i>In months of Imports</i>	<i>9.19</i>	<i>8.84</i>	<i>10.85</i>	<i>9.87</i>	<i>15.03</i>	<i>16.48</i>	<i>86.42</i>
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"	15.05	(4.69)	464,182	17.91%
Solidere "B"	15.00	(3.85)	166,634	11.60%
Byblos Common	1.65	0.00	39,061	4.26%
Byblos Priority	1.67	1.83	35,741	4.09%
Byblos Pref. 08	98.00	0.00	0	2.33%
BLOM GDR	60.80	(5.37)	14,415	5.35%
BLOM Listed	60.00	0.00	0	15.35%
Audi GDR	47.00	3.23	30	5.50%
Audi Listed	40.00	3.90	22,290	16.27%
HOLCIM	13.04	(0.31)	700	3.03%

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

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Mar. 2010	7.125	100.75	6.29
May 2011	7.875	102.00	6.85
Mar. 2012	7.500	101.25	7.03
Sep. 2012	7.750	101.75	7.17
June 2013	8.625	102.50	7.91
Apr. 2015	10.000	107.25	8.45
Jan. 2016	8.500	100.00	8.50
May 2016	11.625	115.13	8.73
Mar. 2017	9.000	102.13	8.63
Apr. 2021	8.250	93.00	9.22

Source: Byblos Capital Markets

	This Week	Last Week	% Change	Feb. 2009	Feb. 2008	% Change
Total Shares Traded	743,903	892,419	(16.64)	54,105,555	2,398,001	2,156.28
Total Value Traded	\$11,580,265	\$12,171,929	(4.86)	\$115,261,712	\$43,415,201	165.49
Market Capitalization	\$8.40bn	\$8.47bn	(0.82)	\$8.55bn	\$10.54bn	(18.90)

Source: Beirut Stock Exchange (BSE)



Lebanon is 65th most affordable country globally, 8th most affordable regionally in terms of ICT services

The International Telecommunication Union's 2009 Information & Communication Technology Price Basket in 150 countries ranked Lebanon as the 65th most affordable country worldwide and the 8th most affordable country in the MENA region. Lebanon was also the 16th most affordable country among the 23 Upper Middle Income Countries (UMIC) included in the survey. The ICT Price Basket contains three price sub-baskets representing the cost of fixed line telephony, mobile cellular telephony and broadband Internet services evaluated as a percentage of GNI per capita in a given country.

Lebanon's ICT cost accounts for 3.9% of its GNI per capita, which is more affordable than the global average of 15.1%, the MENA average of 7.35% and the UMIC average of 5.26%. On a global basis, ICT services in Lebanon are more affordable than in Barbados and Macedonia and more costly than in Thailand and Bosnia. Also, Lebanon's ICT services are considered more affordable than in South Africa and less affordable than in Bulgaria among UMICs. Regionally, ICT services in Lebanon are more affordable than in Egypt and less affordable than in Algeria.

	ICT Price Basket Value*	MENA Rank	Global Rank
UAE	0.5	1	6
Bahrain	0.8	2	18
Kuwait	0.8	3	20
Saudi Arabia	1.5	4	35
Oman	2.5	5	51
Tunisia	2.9	6	53
Algeria	3.3	7	58
Lebanon	3.9	8	65
Egypt	4.1	9	67
Iran	5.4	10	78
Jordan	6.1	11	82
Morocco	12.4	12	104
Syria	14.0	13	106
Sudan	16.0	14	108
Yemen	36.0	15	120

* % of GNI per capita

Source: International Telecommunication Union, Byblos Research

Globally, Lebanon ranked ahead of Macedonia and behind Ecuador on the affordability of Fixed Telephony. Also, Fixed Telephony in Lebanon is more affordable than in Romania and less affordable than in Panama among UMICs, while regionally it is more affordable than in Oman and less affordable than in Algeria. The ITU found that Mobile Telephony in Lebanon is as affordable as in Macedonia, more affordable than in Georgia and less affordable than in Angola. Regionally, Mobile Telephony in Lebanon is more affordable than in Sudan and less affordable than in Egypt; while it is more affordable than Bulgaria and less affordable than Fiji among UMICs. Also, Broadband Internet Services in Lebanon are more affordable than in Thailand and less affordable than in Bosnia. Regionally, Broadband Internet Services in Lebanon are more affordable than in Algeria and less affordable than in Oman, while they are more affordable than in Venezuela and less affordable than in Uruguay among UMICs.

Sub-Basket	Global Rank	MENA Rank	UMIC Rank	Lebanon Sub-Basket value*	Global Average Sub-Basket Value*	MENA Average Sub-Basket Value*	UMIC Average Sub-Score Value*
Fixed	65	10	11	2.3	7.3	2.55	2.98
Mobile	100	11	20	4.6	7.6	3.31	3.4
Broadband	57	7	12	4.8	218.9	30.27	77.79

* % of GNI per capita

Source: International Telecommunication Union, Byblos Research

Council of Ministers approves appointment of new Central Bank Vice-Governors

The Council of Ministers approved the appointment of four new Vice-Governors of the Central Bank for a five-year term. The Vice-Governors assist the Governor in managing the Bank, and assume their duties as members of the Central Council. The new First Vice-Governor is Mr. Raed Charaffedine who spent 10 years at Byblos Bank and was Regional Manager for the South prior to joining Fransabank in 2005. The Second Vice-Governor is Dr. Saad Andari, Deputy General Manager at Bank Beirut & the Arab Countries, one of Lebanon's top 10 banks. The Third Vice-Governor is Mr. Muhammad Baasiri, currently the Secretary of the Central Bank's Special Investigation Commission against Money Laundering and a former chairman of the Banking Control Commission. The Fourth Vice-Governor is Dr. Haroutin Samuelian who occupied the same position from 1993 to 2003. The four positions have been vacant since the end of June 2008 when the term of the Vice-Governors expired, as disagreements among political figures over the appointments delayed the process. According to the rules, the Minister of Finance proposes the would-be Vice-Governors after consulting the Governor. They are then appointed by decree signed by the Finance Minister and sanctioned by the Council of Ministers for a renewable five-year term.

Growth at 3% in 2009, economic structure heavily dependent on Diaspora

Standard Chartered Bank expected the Lebanese economy to grow by 3% in 2009 compared to 8% in 2008, adding that Lebanon's economic prospects depend in part on the performance of GCC economies. It said many key sectors such as tourism, construction as well as capital inflows depend on the GCC, and noted that the country's socio-economic structure is heavily dependent on the Diaspora with over 30% of the expatriate workforce residing in the Gulf. It indicated that the slowing economic environment as well as the delicate political situation in the first half of the year should hinder economic reforms, and did not expect any substantial progress on the privatization process over the near term. It noted that the reform priorities have focused for many years on the two mobile phone operators and on Electricité du Liban, adding that reforming the electricity sector is important given the high costs and the high value of subsidies associated with the sector. It said the general state of the Lebanese economy is strongly linked to security and politics, adding that the improvement in both areas should support positive sentiment and induce growth. It noted that the government has announced various measures to support demand in order to mitigate the impact of the current economic crisis. But the measures were a compilation of pre existing commitments, as the government has a very limited margin of maneuver.

Further, Standard Chartered projected the current account deficit at 11.5% of GDP, down from 15% of GDP in 2008. It said the external sector should benefit in 2009 from a reversal of the constant deterioration in the current account balance that followed years of high oil prices. It noted that the share of oil in the total import bill rose from 20% in 2007 to 23% in 2008, but should drop to 14% in 2009 with a contraction by around 40% of the value of oil imports. It considered that the relative economic resilience of the Gulf countries should prevent a collapse of Lebanese exports, with half of Lebanon's exports going to Arab countries. It noted that agricultural products and processed foods, which are Lebanon's main exports, tend to be among the most crisis-proof products. It also expected the balance of payment to see a decline in FDI flows, tourism and remittances, but for this decline to be offset by the lower import bill. In parallel, it said that even with US interest rates falling sharply, interest rates in Lebanon will not follow suit as the political environment triggers a premium on the cost of borrowing. As such, it expected the spread between Lebanese and US interest rates to encourage de-dollarization and help support a continuing inflow of deposits.

Association of Banks adopts new reference rate on US dollar lending

The Association of Banks in Lebanon adopted a new reference rate on US dollar lending called the Beirut Cost Rate (BCR). The new rate will replace the London Inter-Bank Offering Rate (LIBOR) as the reference rate for lending in foreign currency. The ABL considered that the LIBOR no longer accurately reflects the cost of funding and lending in Lebanon. The BCR will be calculated by adding the banks' operating cost and the cost on term deposits in US dollar in the Beirut market. The ABL indicated that the BCR does not replace the Beirut Prime Lending Rate, but constitutes the basis to calculate the prime rate after adding the cost of liquidity and refinancing, credit risks, and the profitability of banks to the prime lending rate. Further, the ABL adopted a BCR of 4.46% starting on April 1, 2009. The prime lending rate in US dollars is at 8.25%, while the prime lending rate in Lebanese pounds is at 10%.

Central Bank to lift reserve requirements on loans to new projects

Central Bank Governor Riad Salameh indicated that the Bank has finalized a draft circular to lift reserve requirements on loans in Lebanese pounds and foreign currency that are extended in 2009 and part of 2010 to new projects in productive sectors. The exemptions would exclude real estate and consumer loans. He expected the circular to be issued within two weeks with a retroactive effect to the beginning of the year, adding that the Finance Ministry could add to it additional support mechanisms. The move is in response to a request earlier this year by the Association of Banks in Lebanon on the need to stimulate lending in Lebanese pounds in view of rising liquidity in the local currency and diminishing liquidity in US dollars, as well as to encourage economic activity. As such, the Association suggested for the Central Bank to lift reserve requirements on Lebanese pound lending in order to avoid high lending rates in the local currency. The dollarization rate of deposits dropped from 77% at end-2007 to 69% at the end of 2008.

MoU to support energy-efficient projects

The Ministry of Energy & Water, the Kafalat Corporation and the United Nations Development Programs (UNDP) signed a memorandum of understanding to provide support for energy-efficient projects. The MoU would help Kafalat subsidize interest on loans to energy efficient projects. Also, the UNDP will provide, through the Lebanese Center for Energy Conservation Project, various forms of support to companies willing to benefit from energy saving projects, such as professional assistance, help in preparing the necessary documents and supervision of the energy saving process. Lebanon imports around 97% of its energy needs and energy accounts for a large part of operational costs for firms in numerous sectors. According to the Lebanese Center for Energy Conservation, adopting energy efficiency projects or resorting to renewable energy could save up to 25% of energy costs.

Kafalat is a state-sponsored organization that provides financial guarantees for loans up to \$400,000 earmarked for the set up and expansion of small and medium-size companies in productive sectors. It guarantees up to 75% of the loan amount and a similar percentage of the interest that accrues during the grace period.



Energy Ministry proposes power generation strategy

The Energy Ministry proposed a plan to improve the supply of electricity and to solve the problem of the chronic deficit at Electricité du Liban (EDL). The ministry suggested to increase the current production capacity from 800 megawatts (MW) to 1,200 MW by installing generators using heavy fuel oil. It also proposed to set up a coal plant of 1,000 MW in order to diversify supply sources. The solutions are based on a study done by Decon Deutsche Energie-Consult that estimated peak demand of electricity in Lebanon at about 2,200 MW. It said demand would reach 2,550 MW in five years assuming a 3% annual growth in electricity needs. It noted that Lebanon needs at least 3,000 MW of generating capacity in 5 years, as the minimum reserve required for adequate reliability is 20%. Given that the local grid has currently a 1,500 MW operating capacity, Lebanon needs to generate an additional 1,500 MW in the next five years. The financial deficit of EDL is attributed to high production costs. The Deir Ammar and Zahrani plants and the production units in Tyre and Baalbeck work on gas oil, which is twice as expensive as heavy fuel oil, while the Jiyeh and Zouk plants are old and incur technical losses due to the lack of public investment.

Consumer Price Index up 4.6% annually in February 2009

The Central Administration of Statistics' Consumer Price Index indicates that inflation rose by 4.6% in February 2009 compared to February 2008. Prices at restaurants & hotels increased by 22.7%, followed by prices of clothing & footwear with 21.2%, food & non-alcoholic beverages (+9.1%), furniture & household equipment (+6.6%), housing (+4.8%), miscellaneous goods & services (+4.7%), education (+4.1%), health care (+2.1%) and transportation (+1.9%). Prices of water, electricity, gas & other fuels regressed by 9.2%, followed by prices of communications (-0.5%), recreation & entertainment (-0.2%) and alcoholic beverages & tobacco (-0.1%).

The Consumer Price Index increased by 0.9% in February 2009 from January 2009. Prices of clothing & footwear rose by 7.8%, constituting the biggest rise among all categories on a monthly basis. They were followed by transportation with a rise of 2.8%, water, electricity, gas & other fuels with an increase of 2%, restaurant & hotels with a 0.2% rise, and food & non-alcoholic beverages, alcoholic beverages & tobacco, and recreation & entertainment with a 0.1% increase each. Prices of health care declined by 1.5%, while prices of housing, furniture & household equipment, communication, and education remained unchanged month-to-month.

Trade deficit down 21.4% to \$1.4bn in first two months of 2009

Imports decreased by 9.3% to \$2.1bn in the first two months of 2009, while exports grew by 27.5% to \$730m in the same period, leading to a trade deficit of \$1.4bn, down 21.4% year-on-year. In volume terms, imports decreased by 11.6% to 1.9 million tons in the first two months of 2009, while exports grew by 4.3% to 553,000 tons in the same period, leading to a trade deficit of 1.4 million tons, down 16.6% year-on-year. The coverage ratio reached 34.7% in the first two months of 2009 compared to 24.7% in the same period of 2008. The trade deficit reached \$586m in February 2009, down 35% from February 2008. The double-digit decline in imports and the slowdown in export growth reflect the impact of the global financial crisis and regional economic slowdown on the Lebanese economy.

China was the main source of imports with \$225m or 11% of the total, followed by Germany with \$169m (8%), the USA with \$167m (8%), France with \$153m (7.3%), Italy with \$148m (7%) and Japan with \$100m (4.8%). Switzerland was the main export destination with \$230m or 31.5% of the total, followed by Syria with \$106m (14.5%), Iraq with \$58m (8%), the UAE with \$52m (7.1%) and Saudi Arabia with \$32m (4.4%). Lebanon's main export was jewelry at \$278m or 38% of total exports, followed by mineral products with \$97m (13.3%), machinery & mechanical appliances with \$83m (11.4%), chemical products with \$46m (6.3%), base metals with \$43m (5.9%), and prepared foodstuffs with \$37m (5%). Re-exports totaled \$24m in the first two months of 2009, down 25% from \$32m in the same period of 2008.

The Hariri International Airport was the main source of Lebanese exports accounting for 45% of total exported goods in the first two months of 2009, followed by the Port of Beirut with 18%, the Abbudieh crossing point with 17%, the Masnaa crossing point with 14% and the Port of Tripoli with 5%. The Port of Beirut was the main source for imports, accounting for 65% of total imports, followed by the Hariri International Airport with 18%, the Port of Tripoli with 9% and the Masnaa crossing point with 5%.

Customs receipts up 99.5% to \$275m in first two months of 2009

Figures released by the Higher Customs Council show that customs revenues reached \$275m in the first two months of 2009, up 99.5% from the same period of 2008. The Port of Beirut continues to be the main point of customs revenues, accounting for 89.3% of the total, and was followed by the Hariri International Airport with 5.6%, the Port of Tripoli with 2.8%, and the Masnaa crossing point with 1.2%. Overall customs receipts reached \$483m in the first two months of 2009 when including revenues from the value-added tax that totaled \$208m over that period of time.

Balance of payments posts surplus of \$364m in January 2009

Central Bank figures show that Lebanon's balance of payments posted a surplus of \$364m in January 2009, following a larger surplus of \$714m in December 2008, and compared to a deficit of \$259m in January 2008. The surplus resulted from an increase of \$675m in the Central Bank's net foreign assets combined with a decrease of \$311m in those of banks and financial institutions. The balance of payments posted a cumulative surplus of \$3.5bn in 2008.

Cleared checks up 12.5% to \$4.4bn in January 2009

The value of cleared checks increased by 12.5% to \$4.4bn in January 2009 compared to January 2008. The value of cleared checks in Lebanese pounds rose by 21% to the equivalent of \$927m, while the value of cleared checks in U.S. dollar rose by 10.5% to \$3.43bn. The dollarization rate of cleared checks decreased from 80.2% to 78.7% year-on-year.

National anti-corruption strategy calls for comprehensive effort to fight graft

The Lebanese Transparency Association and the United Nations Development Program (UNDP) issued a report on the possible causes of corruption in Lebanon and on policy options and action plans to fight graft. The report attributed the roots of corruption in the country to the confessional system, the political situation, the absence of a culture and mechanism for accountability, a weak legal framework, poor efficiency of the State, deteriorating economic conditions, and the inability of civil society and the media to properly monitor public decision-making and implementation. The report considered that the confessional system is the main cause of corruption in the country because it institutionalizes political inequality. It added that the political situation is a fertile soil for the practice of widespread corruption.

It identified 14 policy options to fight corruption that include revitalizing the public administration, increasing transparency in the budget process, administrative decentralization, empowering control agencies, strengthening judicial independence, establishing an anti-corruption mechanism, introducing new laws or amending existing ones to expedite anti-corruption efforts, strengthening the role of the media, reinforcing participatory democracy, promoting corporate governance, endorsing political accountability, encouraging an anti-corruption culture, and improving the legitimacy and accountability of civil society organizations. Further, it noted that containing corruption and implementing a national anti-corruption strategy is the responsibility of all stakeholders that include the executive, legislative and judicial branches, as well as the private sector, civil society, the media and educational institutions.

Corporate Highlights

Five companies to establish international call centers

The Ministry of Post & Telecommunications signed contracts with four local firms and one foreign company to set up international call centers in Lebanon. The local firms are Call Me, International Computer & Communication Systems, Mediatech International, and Professional Call Center (PCC), while the foreign firm is the France-based Téléperformance. The firms will establish their offices in Beirut, Tripoli, Nabatieh and Zghorta. The ministry has already signed 5 similar contracts last January and intends to sign 10 more in the near future. Last month, the Japanese company Toshiba established its first regional call center in Beirut.

Lebanon joins World Franchise Council

The Lebanese Franchise Association (LFA) joined the World Franchise Council (WFC). Lebanon becomes the 38th country worldwide and the second regionally, following Egypt, to join the WFC. The LFA is a non-profit organization that coordinates the activities of its members to promote excellence in franchising. The WFC encourages international understanding and cooperation in the protection and promotion of franchising worldwide. The WFC supports the promotion of franchising worldwide and cooperation among its members through sharing information and franchising experiences in order to promote more efficient franchising mechanisms.

Six companies receive innovation award

The Charles Chikhani Foundation awarded six Lebanese firms the Charles Chikhani Innovation Award for launching innovative products or services in the local market. The first prize went to Mission 3-D, a firm that developed a kit enabling the creation of three dimensional digital pictures. The prize for Science and Innovation was awarded to the developers of a software program that allows writing in Arabic while using Latin characters, while the prize for Telecommunications and Innovation went to Mobile Technology Tomorrow for developing a software program that helps customize messages sent through mobile phones. Also, Century Fence received the award for its waved welded wire fence technology, Al-Rifai received the award for Innovation and Food for its 'light nuts' product, while the Ecodit company received the prize for Innovation and Society for developing a long-distance hiking trail across Lebanon.

The Charles Chikhani Innovation Award was launched by the Charles Chikhani Foundation in partnership with CERAM Alumni Club-Lebanon. The prize was set as a tribute to Charles Chikhani who was a former student at CERAM Business School, year 2005. The award is supported by CERAM Business School-Sophia Antipolis in partnership with the Chamber of Commerce, Industry & Agriculture of Beirut and Mount Lebanon.

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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