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BYBLOS BANK SAL

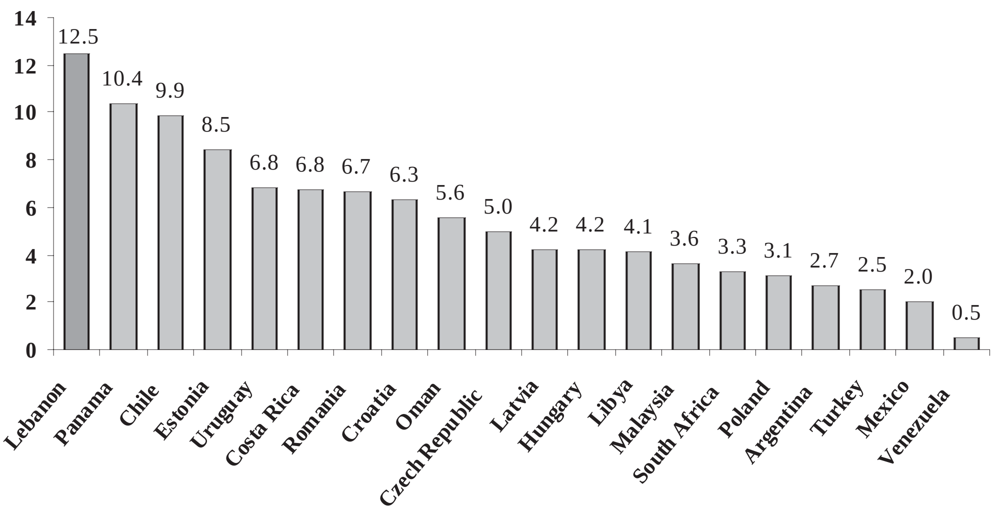
Economic Research & Analysis Department

LEBANON THIS WEEK

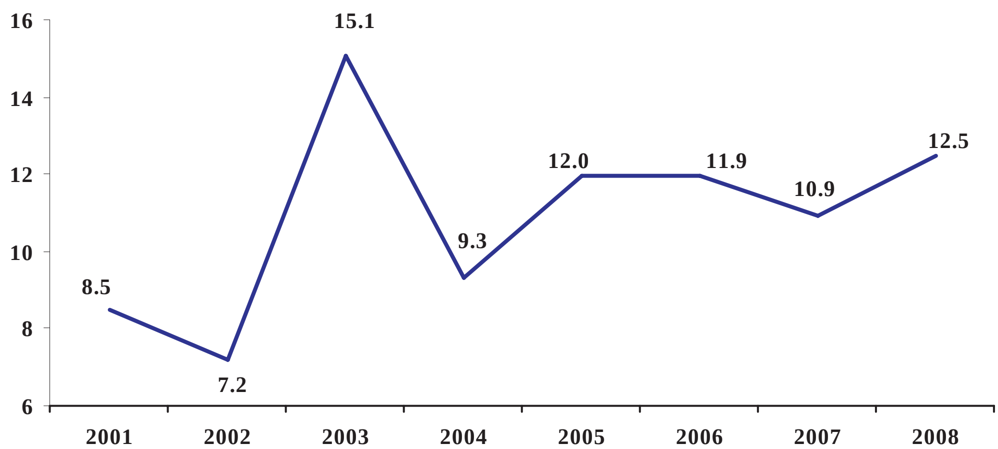
In This Issue

Charts of the Week

Foreign Direct Investment in Upper Middle-Income Count (% of GDP)



Foreign Direct Invesment in Lebanon (% of GDP)



Source: United Nations Conference on Trade and Development

Quote to Note

"As a small economy, Lebanon is highly leveraged to domestic stability rather than global backdrop."

Merrill Lynch, on the relevance of domestic political risks to the country's eco nomic and financial outlook

Number of the Week

36%: Upside to Byblos Bank's common share price as at the October 2, 2009 closing price, highest among listed Lebanese banks, according to regional investment bank EFG Hermes

Economic Indicators

$m (unless otherwise mentioned)	2007	July 08	2008	May 2009	June 09	July 09	% Change*
Exports	2,816	308	3,478	292	249	230	(25.32)
Imports	11,815	1,643	16,133	1,242	1,551	1,470	(10.52)
Trade Balance	(8,999)	(1,335)	(12,655)	(950)	(1,302)	(1,240)	(7.12)
Balance of Payments	2,036	1,528	3,462	521	443	1,246	(18.45)
Checks Cleared in LBP	8,409	848	9,350	928	873	1,028	21.23
Checks Cleared in FC	29,893	4,266	43,174	3,497	3,658	4,115	(3.54)
Total Checks Cleared	38,302	5,114	52,524	4,425	4,531	5,143	0.57
Budget Deficit/Surplus	(2,546)	(125)	(2,921)	(198)	(151)	(157)	25.60
Primary Balance	731	161	597	64	161	136	(15.53)
Airport Passengers	3,408,834	485,769	4,085,334	348,510	460,223	621,522	27.95

$bn (unless otherwise mentioned)	Dec. 2007	July 2008	April 09	May 09	June 09	July 09	% Change*
BdL FX Reserves	9.78	14.18	19.33	20.22	20.62	22.01	55.22
In months of Imports	*9.19*	*8.63*	*10.75*	*16.28*	*13.29*	*14.97*	*73.46*
Public Debt	42.03	44.66	47.77	47.75	47.33	47.92	7.30
Net Public Debt	39.03	40.52	42.69	42.79	42.98	43.05	6.24
Bank Assets	82.26	90.15	99.63	101.65	103.62	105.38	16.89
Bank Deposits (Private Sector)	67.29	74.24	82.62	84.35	85.78	87.69	18.12
Bank Loans to Private Sector	20.42	24.19	25.76	26.07	26.07	26.98	11.53
Money Supply M2	16.47	20.27	27.77	28.15	29.07	30.11	48.54
Money Supply M3	59.83	65.26	72.28	73.58	74.68	76.17	16.72
LBP Lending Rate (%)	10.10	10.13	9.83	9.79	9.76	9.43	(70b.p.)
LBP Deposit Rate (%)	7.40	7.23	7.08	7.06	6.96	7.02	(21b.p.)
USD Lending Rate (%)	8.02	7.32	7.21	7.28	7.24	7.24	(8b.p.)
USD Deposit Rate (%)	4.69	3.50	3.24	3.22	3.18	3.19	(31b.p.)
%* Change in CPI**	5.92	13.92	2.00	1.88	3.31	2.42	(1,150b.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"	25.90	2.78	299,765	21.74%
Solidere "B"	25.72	3.00	347,113	14.03%
Byblos Common	1.90	0.00	149,441	3.46%
Byblos Priority	1.90	2.15	65,640	3.29%
Byblos Pref. 08	98.00	0.00	342	1.65%
BLOM GDR	83.05	(1.42)	2,536	5.15%
BLOM Listed	82.00	1.23	2,699	14.80%
Audi GDR	73.40	2.59	4,332	6.06%
Audi Listed	64.80	4.52	14,128	18.60%
HOLCIM	14.25	(10.94)	3,530	2.33%

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

Sovereign Eurobonds	Coupon %	Mid Price $	Mid Yield %
Mar. 2010	7.125	102.00	2.14
May 2011	7.875	106.25	3.82
Mar. 2012	7.500	106.13	4.79
Sep. 2012	7.750	107.25	5.03
June 2013	8.625	111.13	5.25
Apr. 2015	10.000	115.00	6.69
Jan. 2016	8.500	109.13	6.68
May 2016	11.625	124.38	6.92
Mar. 2017	9.000	113.38	6.69
Apr. 2021	8.250	108.00	7.21

Source: Byblos Capital Markets

	This Week	Last Week	% Change	September 2009	September 2008	% Change
Total Shares Traded	922,034	964,437	(4.40)	4,960,333	43,374,825	(88.56)
Total Value Traded	$19,113,931	$20,578,858	(7.12)	$87,945,925	$479,811,443	(81.67)
Market Capitalization	$11.91bn	$11.69bn	1.87	$11.64bn	$13.87bn	(16.07)

Source: Beirut Stock Exchange (BSE)

Lebanon ranks 83rd globally, 9th in MENA region in human development

The United Nations' 2009 report on human development in 182 countries ranked Lebanon in 83rd place worldwide and 9th among 20 countries in the Middle East and North Africa region. Lebanon ranked in 88th place worldwide and 10th in the region in the previous report. Also, Lebanon ranked in 28th place among 34 Upper Middle Income Countries (UMICs) included in the survey. The survey uses a Human Development Index (HDI) to measure a country's achievements in terms of life expectancy, educational attainment, and adjusted real income. The HDI used figures for 2007, the most recent year of available data. Worldwide, Lebanon was considered to have a 'high-level' of human development compared to a 'medium-level' of human development in the previous report. Norway ranked first globally and Niger came in last place in terms of human development.

Human Development Index			
Country	**MENA Rank**	**Global Rank**	**Category ***
Israel	1	27	Very High
Kuwait	2	31	Very High
Qatar	3	33	High
UAE	4	35	High
Bahrain	5	39	High
Libya	6	55	High
Oman	7	56	High
Saudi Arabia	8	59	High
Lebanon	**9**	**83**	**High**
Iran	10	88	Medium
Jordan	11	96	Medium
Tunisia	12	98	Medium
Algeria	13	104	Medium
Syria	14	107	Medium
Palestine	15	110	Medium
Egypt	16	123	Medium
Morocco	17	130	Medium
Yemen	18	140	Medium
Sudan	19	150	Medium
Djibouti	20	155	Medium

**Level of human development*
Source: UNDP, Byblos Research

Lebanon received a score of 0.803 points on the HDI compared to a score of 0.772 in the previous survey. Its score came above the global average of 0.753 points as well as above the Arab states' average of 0.719 points. On a global basis, Lebanon ranked ahead of Armenia, Ukraine and Azerbaijan, and came behind Kazakhstan, Ecuador and Peru. It also ranked ahead of Belize and Saint Vincent & the Grenadines, and behind Mauritius and Turkey among UMICs. Regionally, Lebanon ranked ahead of Iran and Jordan, and came behind Saudi Arabia and Oman.

Figures on individual components of the index such as life expectancy, literacy rate and school enrollment show that Lebanon's results per category continue to be higher than the corresponding averages in the Arab world and on a global basis. The report also presents two other indices that shed light on important aspects of development. Lebanon came in 33rd place among 135 countries on the Human Poverty Index, and ranked in 71st place among 155 countries in the Gender-related Development Index that captures inequalities in achievement between women and men. In terms of demographic trends, the report projected Lebanon's population at 4.6 million by 2020, growing at an annual rate of 0.9% over the 2005-10 period of time. Also, Lebanon's urban population is expected to reach 87.2% of the total in 2010.

Human Development Index Components				
	Life expectancy at birth (years)	**Adult literacy rate (% aged 15 and older)**	**Gross enrolment ratio in education (%)**	**GDP per capita* (US$)**
Lebanon	71.9	89.6	78.0	10,109
Arab States	68.5	71.2	66.2	8,202
World	67.5	83.9	67.5	9,972

**At 2007 Purchasing Power Parity rate*
Source: UNDP, Byblos Research

Coincident Indicator down 4.2% month-to-month in August

The Central Bank's Coincident Indicator, an index of economic activity in Lebanon, reached 220.6 points in August 2009 compared to 230.2 points in July and 198.3 points in August 2008. The Coincident Indicator, an average of 8 weighted economic indicators, regressed by 4.2% month-on-month and rose by 5.2% in the first 8 months of 2009 and by 11.2% on an annual basis. The indicator averaged 216.1 in the 12-months ending August 2009 compared to 214.2 points in the 12-months ending July 2009 and to 192 points in the 12-months ending August 2008. As a result, the average coincident indicator rose by 12.6% year-on-year. The indicator posted only its fourth best performance in August during the first 8 months of this year, after posting its best performance ever in April 2009 with 236.5 points when it surpassed the previous peak of 215.3 points reached in January of this year. However, the August results reflect a decline in activity, leaving January and April as the only two months with a monthly pick up in activity this year. Further, the month-to-month decline in August constitutes the highest drop ever for the indicator for the month of August, with the exception of the drop in August 2006 that was caused by the Israeli war on Lebanon during that summer. The indicator improved 8 times and regressed 9 times in the month of August since 1993. The indicator averaged 198.4 points in 2008, 180 points in 2007 and 171.6 points in 2006.

Lebanon in the News

Lebanon ranks 48th globally, 15th in the Middle East & Africa for its microfinance environment

The Economist Intelligence Unit's Global Microfinance Index ranked Lebanon in 48th place among 55 countries worldwide and in last place among 15 countries in the Middle East & Africa in terms of the environment for microfinance. Also, Lebanon came in 7th place among 10 upper middle income countries (UMICs) included in the survey. The index evaluates microfinance as a commercially viable and sustainable activity and compares countries across three broad categories that are the regulatory framework, the investment climate and institutional development for microfinance activity. It assigned a 40% weight to each of the regulatory framework and institutional development categories, and a 20% weight to the investment climate category.

Globally, Lebanon ranked ahead of Azerbaijan and Jamaica, and came behind Nepal and Mongolia. Also, Lebanon ranked ahead of Uruguay and Venezuela, and behind Turkey and Argentina among UMICs. Lebanon received a score of 29.3 points, below the global average of 43 points and below the MENA and UMICs' averages of 40.5 points and 35.5 points, respectively. Lebanon, Morocco, and Yemen were the only three Arab countries included in the survey. Peru ranked firstglobally and Thailand came in last place.

Global Microfinance Index

Country	Score	ME& A Rank	Global Rank
Ghana	60.9	1	5
Uganda	57.5	2	9
Kenya	55.8	3	13
Tanzania	48.4	4	19
Yemen	42.1	5	29
Mozambique	40.3	6	32
Nigeria	39.4	7	33
Rwanda	38.6	8	34
Dem. Rep. Congo	36.8	9	35
Senegal	32.6	10	39
Madagascar	32.3	11	40
Cameroon	31.6	12	41
Ethiopia	31.3	13	42
Morocco	30.3	14	44
Lebanon	**29.3**	**15**	**48**

Source: Economist Intelligence Unit, Byblos Research

Lebanon ranked in 43rd place globally and in last place among ME&A coun--tries in terms of the regulatory framework for microfinance. Globally, it ranked ahead of Morocco and Nepal and behind Azerbaijan and Senegal. Also, Lebanon ranked in 33rd place globally and in 7th place among ME&A countries on the investment climate category. Globally, it ranked ahead of Tanzania and Argentina, and behind Indonesia and Paraguay. Further, Lebanon ranked in 40th place globally and in 10th place among 15 ME&A countries on the institutional development category. Globally, it came ahead of Madagascar and Senegal and behind Ethiopia and the Democratic Republic of Congo.

Beirut has 33rd most expensive retail rent in the world

The 2009 survey of the world's most expensive retail rental locations in 60 cities around the world by property consultants Cushman & Wakefield ranked Beirut as the 33rd most expensive city worldwide, the second most expensive among 12 cities in the Middle East & Africa region, and the most expensive among 10 Arab cities included in the rankings. Beirut ranked as the 43rd most expensive city globally and the third most expensive in the Middle East & Africa in the previous survey. The study evaluates retail rent prices in 274 streets in 48 countries around the world.

Top 10 Rental Locations in the Middle East & Africa

City	Location	Rent(€/sqm)
Tel Aviv	Ramat Aviv	1,452
Beirut	Beirut Central District	1,281
Tel Aviv	Ayalon Shopping Center	1,025
Beirut	ABC Center	997
Beirut	Verdun Street	925
Kuwait City	Raya MAll	854
Kaslik	Kaslik Street	854
Damascus	Cham Center	854
Dubai	Mall of the Emirates	834
Manama	Bahrain City Center	747

Source: Cushman & Wakefield, 2009

On a global basis, the rent of retail space in Beirut was less costly than in Stockholm, Luxembourg and Helsinki and more expensive than in Budapest, Caracas, and Taipei in Taiwan. The most expensive rental retail location in Beirut was the Beirut Central District at €1,281 per sqm in 2009, which is significantly lower than the global average of €1,629 and higher than the Middle East & Africa average of €674 per sqm. According to Cushman & Wakefield, Beirut's retail market has enjoyed a period of steady expansion, which has put rents under upward pressure. It said the prime locations remain the ABC Center, City Mall and Verdun, all of which are showing rental values of around $1,400 per sqm per year. It noted, however, hat the Souks shopping center in the Beirut Central District, which opened earlier this month, may yet set higher benchmark rents.

Cushman & Wakefield said Lebanon posted one of the best performances in the Middle East & Africa, with retail rents rising by 26% annually, second only to Bahrain that posted a 50% rise, and compared to a marginal increase of 0.8% for the region. Lebanon accounted for four of the top 10 rental locations in the Middle East & Africa, with the Beirut Central District ranking in second place in the region and in first place among Arab markets. It was followed in fourth place by the ABC Center in Achrafieh at €997 per sqm, Verdun Street in 5th place at €925 per sqm, and Kaslik Street in 7th place at €854 per sqm. In parallel, five locations in Lebanon ranked among the top 10 locations in the region for fastest rental growth. The Beirut Central District posted the strongest growth in the region with an 80% rise in rent in the 12 months ending June 2009. Kaslik posted the third highest rental growth at 20%, Hamra Street registered the fourth highest rental growth at 13.3%, the ABC Center came in fifth place with a 12% growth, and Verdun Street in sixth place with an 8.3% growth in rents. New York's Fifth Avenue is the world's most expensive retail location at €13,027 sqm a year.

Baclays Capital projects growth at 6% in 2009, warns of impact of political risks

Baclays Capital projected Lebanon's real GDP growth at 6% in 2009 and 5% in 2010, but expressed caution about growth prospects in 2010 as the outlook is likely to become increasingly uncertain due to political risks. It said that a gradual and firm recovery in the GCC should be positive for Lebanon's growth and balance of payment flows, adding that political volatility is likely to raise fiscal risks by delaying crucial fiscal and structural reforms that previous governments pledged to implement against financial support from the international community.

It noted that foreign reserves are at a record high and deposit growth is holding up, while the spillovers from higher growth this year onto the fiscal accounts are noticeable already. It said budgetary revenues increased by 27.5% in the first half of 2009, reducing the budget deficit by 80% despite a 16.7% rise in spending. It noted, however, that an increase in transfers to the loss-making Electricité du Liban (EdL), will prevent the deficit from declining below 11.5% of GDP this year. It expected the new Cabinet to press ahead with measures aimed at curbing EdL losses, which should help bring the deficit down to 10.3% of GDP next year. But it expressed concern that consensus over the way forward on reforms in the telecom sector and key measures to restructure EdL will remain elusive in the short term.

Barclays Capital indicated that Lebanon is unlikely to face any refinancing risks over the medium term, unless a severe deterioration in the political and security situation or a prolonged war take place. It said that authorities can accommodate the financing of upcoming maturing debt in 2010, including $3.4bn in Eurobond redemptions, and of the anticipated 2010 fiscal deficit through existing liquidity within the banking system and foreign reserves at the Central Bank. It also did not exclude a decision by the Finance Ministry to implement a debt exchange. It warned that Lebanon's economic outlook remains hostage to regional political developments that are likely to affect the country's stability and security significantly.

It said its baseline scenario include the formation in October of a functional national unity Cabinet able to deliberate and decide upon key policy reform direction. In turn, this would set the country on a more stable path of sustained growth and capital inflows, additional support from the international community, and a steady reduction in the debt-to-GDP ratio. Its alternative scenario is that of a prolonged status quo without a new government in the foreseeable future, resulting in deteriorating security conditions. It said this scenario could cause a sharp weakening in growth drivers, a reversal in capital flows and heightened fiscal risks, as further delays in the sale of the mobile phone licenses and the restructuring of the EdL could reverse the declining path of public debt-to-GDP.

Country Forecast Summary

	2008	2009e	2010e
Real GDP growth (%)	8.5	6.0	5.0
Consumer prices (avge) (%)	10.8	2.5	3.2
Fiscal balance (% of GDP)	-9.9	-11.9	-10.3
Primary Balance (% of GDP)	1.6	0.5	2.3
Current-account balance ($bn)	-3.5	-3.1	-3.3
Current-account balance (% of GDP)	-11.9	-9.5	-9.7
External debt (% of GDP)	191	178	177
Public Debt (% of GDP)	162	158	157
Foreign Reserves ($bn)	20.2	27.0	25.0
Net FDI ($bn)	2.6	3.4	4.0

Source: Barclays Capital

Fiscal deficit up 8.9% to $1.84bn in first 8 months of 2009

Figures released by the Finance Ministry show that the fiscal deficit reached $1.84bn in the first 8 months of 2009, up 8.9% from the same period last year. The deficit was equivalent to 24.5% of total budget and Treasury expenditures compared to 27.3% in the same period of 2008. Overall government expenditures reached $7.5bn, up 21.7% year-on-year, while total revenues increased by 26.5% to $5.7bn over the covered period. Tax revenues improved by 30.6% year-on-year to $4.1bn, of which 31.8%, or $1.3bn, were in VAT receipts that posted a 15.2% annual rise. Tax revenues accounted for 75.5% of budgetary revenues and for 71.5% of total Treasury and budget receipts.

Debt servicing increased by 13.3% year-on-year to $2.4bn, accounting for 31.5% of total expenditures and for 43.7% of budgetary spending. It absorbed 41.7% of overall revenues and 44.1% of fiscal receipts. Excluding debt servicing, the budget primary surplus reached $2.4bn, or 45% of budget expenditures compared to a surplus of $1.8bn, or 39% a year earlier. The overall primary surplus reached $646.8m, or 8.6% of total spending compared to a surplus of $562.6m, or 9.1% of total expenditures, a year earlier.

Lebanon in the News

Balance of payments posts surplus of $4.4bn in first 8 months of 2009

Central Bank figures show that Lebanon's balance of payments (BoP) posted a surplus of $4.4bn in the first 8 months of 2009 compared to a surplus of $2bn in the same period last year. The BoP posted a surplus of $1.02bn in August compared to a surplus of $1.2bn in July and to a surplus of $402m in August 2008. The August 2009 surplus was caused by a rise of $785m in the Central Bank's net foreign assets and an increase of $235m in those of banks and financial institutions. The cumulative surplus over the first 8 months of 2009 was caused by a rise of $5.8bn in the Central Bank's net foreign assets and a decline of $1.4bn in those of banks and financial institutions. The balance of payments posted a cumulative surplus of $3.5bn in 2008.

Net public debt at $43.2bn at end-August 2009

Lebanon's gross public debt reached $48.5bn at the end of August 2009, constituting an increase of 3.2% from end-2008 and a rise of 7% from end-August 2008. Domestic debt increased by 13.8% to $27.2bn, while external debt decreased by 0.6% annually to $21.3bn. Local currency debt accounted for 56% of gross public debt at end-August 2009 compared to 52.6% a year earlier, while foreign currency-denominated debt represented 44% of the total at the end of August relative to 47.4% a year earlier. Market-issued Eurobonds account for about 67% of external debt.

Commercial banks accounted for 57.8% of the local public debt at the end of August 2009 compared to 61.1% a year earlier. They were followed by the Central Bank with 25.6%, up from 23.1% at end-August 2008; while public agencies, financial institutions and the general public accounted for 16.6% of local debt relative to 15.8% a year earlier. Eurobond holders, foreign private sector loans and special T-bills in foreign currencies accounted for 86.2% of the external debt, followed by multilateral institutions with 7.2%, foreign governments with 4.7% and Paris II loans with 1.9%. Net public debt, which excludes the public sector's deposits at the Central Bank and at commercial banks from overall debt figures, increased annually by 6.2% to $43.2bn. In parallel, the gross market debt accounted for about 65% of total public debt. Gross market debt is the total public debt less the portfolios of the Central Bank, the National Social Security Fund, bilateral and multilateral loans, as well as Paris II and Paris III related debt.

Corporate Highlights

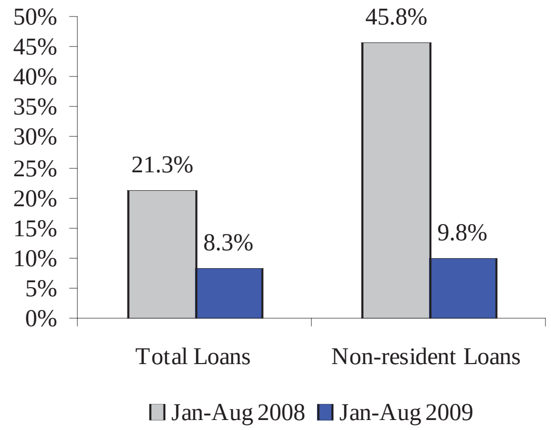
Cisco Entrepreneur Institute training center to open in Lebanon

The America-Mideast Educational and Training Services, Inc. (AMIDEAST) and the Cisco Entrepreneur Institute (CEI) announced they have reached an agreement whereby AMIDEAST will establish a training center in Lebanon, with similar centers to be established at a later stage in Morocco and Oman. Training at the center is scheduled to begin in late October, with courses focusing on starting a business, how to grow a company, as well as on entrepreneurship, among others. Stanford University and Cornell University will provide content and learning resources for the workshops. AMIDEAST instructors completed CEI virtual training in July and will deliver the courses at AMIDEAST premises in Beirut. Cisco indicated that the collaboration with AMIDEAST aims to provide training that will help translate Lebanon's entrepreneurial potential into new jobs and economic growth. Cisco Systems said it established the CEI in 2007 to support entrepreneurship around the world and to enable individuals, businesses, and governments to participate fully in the global networked economy. The US-based Cisco Systems, Inc. designs and sells networking and communications technology and services worldwide. It has more than 65,000 employees and annual revenue of $36.1bn as of 2009.

Commercial banks' assets reach $107.4bn at end-August 2009

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets reached $107.4bn at the end of August 2009, up 13.9% from end-2008 and up 18.4% from end-August 2008. Private sector deposits totaled $89.3bn, up 14.8% from end-2008 and up 19.1% from end-August 2008. Deposits increased by $1.62bn in August, $1.91bn in July, $1.43bn in June, $1.73bn in May, $2.12bn in April, $1.63bn in March and $1.14bn in February, after declining by $42m in January 2009. Deposits in Lebanese pounds rose by 28.3% from end-2008 and by 49.6% year-on-year, while deposits in foreign currencies increased by 8.9% from the end of last year and by 7.7% from end-August 2008. Non-resident foreign currency deposits reached $13bn at end-August 2009, increasing by 22.8% from end-2008 and by 27.5% year-on-year. In parallel, deposits of non-resident banks reached $4.4bn, up 2.1% from end-2008 and up 9.3% from end-August 2008. The dollarization rate of deposits reached 66% at end-August 2009, down from 69.6% at end-2008 and from 72.9% a year earlier. Further, the average deposit rate in Lebanese pounds reached 7% compared to 7.23% a year earlier, while the same rate in US dollars was 3.18%, down from 3.55% in August 2008.

Growth in Private Sector Loans (%)



Source: Association of Banks in Lebanon

Loans to the private sector amounted to $27.1bn, up 8.3% from end-2008 and up 9.4% year-on-year. Non-resident foreign currency loans reached $4.4bn at end-August 2009, increasing by 9.8% from end-2008 and by 12.1% year-on-year. The dollarization rate in private sector lending reached 85.2% compared to 86.6% at end-2008 and 87.4% a year earlier. The average lending rate in Lebanese pounds was 9.27% in August 2009 compared to 9.91% a year earlier, while the same average in US dollars was 7.05% compared to 7.17% in August 2008. Claims on the public sector stood at $26.8bn, up 5.6% from end-2008 and up 10.6% year-on-year, and accounted for 49.7% of the banking sector's total loans. The ratio of private sector loans to deposits in foreign currencies stood at 39.2%, well below the Central Bank's limit of 70%, and up from 39.6% a year earlier. In parallel, the same ratio in Lebanese pounds was 13.2% compared to 15.4% a year earlier. The ratio of total private sector loans to deposits stood at 30.4%, down from 33% a year earlier. The banks' aggregate capital base stood at $7.53bn, up 6% from end-2008 and 13.2% from $6.65bn in August 2008.

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 07/08*
(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	July 2008	July 2009	Aug 2009	Change*	Risk Level
Political Risk Rating	57.0	57.5	57.5	▲	High
Financial Risk Rating	31.5	28.0	27.5	▼	High
Economic Risk Rating	28.5	30.0	27.5	▼	High
Composite Risk Rating	58.5	57.7	56.2	▼	High

Regional Average	July 2008	July 2009	Aug 2009	Change*	Risk Level
Political Risk Rating	65.6	65.1	65.1	▼	Moderate
Financial Risk Rating	41.2	41.6	41.7	▲	Very Low
Economic Risk Rating	39.8	34.4	34.3	▼	Moderate
Composite Risk Rating	73.3	70.5	70.5	▼	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	B2	NP	Stable			
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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