



LEBANON THIS WEEK

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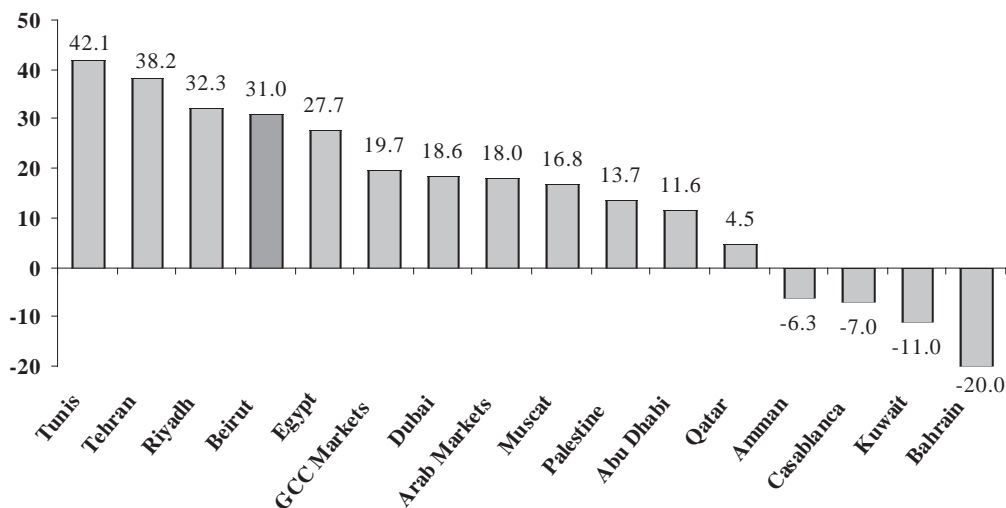
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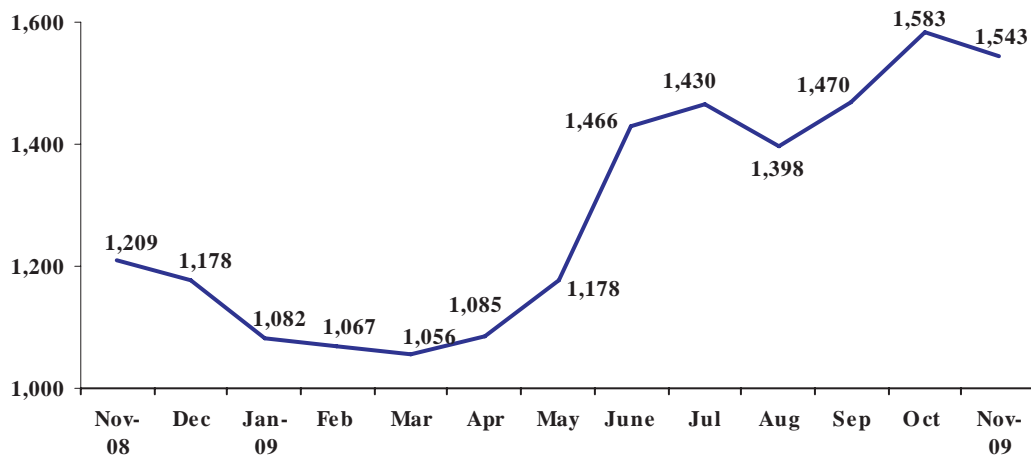
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Charts of the Week

Performance of MENA Stock Markets in First 11 Months of 2009 (%)



Performance of the Beirut Stock Exchange*



*BLOM Stock Index

Source: Local Stock Markets

Quote to Note

“The Central Bank will issue in due time Certificates of Deposits with 7- to 10-year maturities.”

Central Bank Governor Riyad Salameh, on plans to absorb some of the Lebanese pound liquidity in the banking sector

Number of the Week

\$24.1bn: The Central Bank's gross foreign reserves at the end of October 2009, as estimated by the Association of Banks in Lebanon

Economic Indicators

\$m (unless otherwise mentioned)	2007	Sep 08	2008	July 09	Aug 09	Sep 09	% Change*
Exports	2,816	307	3,478	230	239	298	(2.93)
Imports	11,815	1,470	16,133	1,470	1,439	1,250	(14.97)
Trade Balance	(8,999)	(1,163)	(12,655)	(1,240)	(1,200)	(952)	(18.14)
Balance of Payments	2,036	200	3,462	1,246	1,020	475	137.50
Checks Cleared in LBP	8,409	757	9,350	1,028	937	900	18.89
Checks Cleared in FC	29,893	4,062	43,174	4,115	4,233	3,882	(4.43)
Total Checks Cleared	38,302	4,819	52,524	5,143	5,170	4,782	(0.77)
Budget Deficit/Surplus	(2,546)	(319)	(2,921)	(157)	(127)	(381)	19.43
Primary Balance	731	33	597	136	122	47	42.42
Airport Passengers	3,408,834	365,205	4,085,334	621,522	612,956	463,919	27.03

\$bn (unless otherwise mentioned)	Dec 2007	Sep 2008	Dec 2008	July 09	Aug 09	Sep 09	% Change*
BdL FX Reserves	9.78	15.32	17.06	22.01	22.82	23.21	51.50
<i>In months of Imports</i>	<i>9.19</i>	<i>10.43</i>	<i>15.03</i>	<i>14.97</i>	<i>15.86</i>	<i>18.57</i>	<i>78.04</i>
Public Debt	42.03	45.64	47.02	47.92	48.52	49.18	7.76
Net Public Debt	39.03	40.89	41.49	43.05	43.24	43.61	6.65
Bank Assets	82.26	91.74	94.25	105.38	107.37	109.90	19.80
Bank Deposits (Private Sector)	67.29	75.13	77.78	87.69	89.30	91.19	21.38
Bank Loans to Private Sector	20.42	24.79	25.04	26.98	27.11	27.89	12.50
Money Supply M2	16.47	22.13	24.76	30.11	30.91	31.57	42.66
Money Supply M3	59.83	66.45	68.66	76.17	77.22	78.73	18.48
LBP Lending Rate (%)	10.10	9.98	9.95	9.43	9.27	9.22	(76b.p.)
LBP Deposit Rate (%)	7.40	7.18	7.22	7.02	7.00	6.94	(24b.p.)
USD Lending Rate (%)	8.02	7.37	7.47	7.24	7.05	7.24	(13b.p.)
USD Deposit Rate (%)	4.69	3.57	3.33	3.19	3.18	3.16	(41b.p.)
%* Change in CPI**	5.92	11.76	6.36	2.42	1.52	1.99	(977b.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	Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Solidere "A"	25.52	0.08	336,600	20.28%	Mar. 2010	7.125	100.81	3.70
Solidere "B"	25.49	0.39	104,968	13.17%	May 2011	7.875	105.75	3.76
Byblos Common	2.07	0.49	354,215	3.57%	Mar. 2012	7.500	106.50	4.47
Byblos Priority	2.06	0.00	181,543	3.37%	Sep. 2012	7.750	107.88	4.66
Byblos Pref. 08	100.00	0.00	1,200	1.59%	June 2013	8.625	111.00	5.18
BLOM GDR	86.70	(1.42)	16,395	5.09%	Apr. 2015	10.000	116.38	6.35
BLOM Listed	84.95	2.97	2,415	14.51%	Jan. 2016	8.500	111.25	6.26
Audi GDR	82.50	(0.84)	13,645	6.44%	May 2016	11.625	125.50	6.68
Audi Listed	72.50	(4.61)	5,772	19.83%	Mar. 2017	9.000	114.50	6.47
HOLCIM	12.51	(3.77)	2,432	1.94%	Apr. 2021	8.250	110.63	6.88

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

Source: Byblos Capital Markets

	This Week	Last Week	% Change	November 2009	November 2008	% Change
Total Shares Traded	1,020,605	470,462	116.94	4,512,808	4,098,570	10.11
Total Value Traded	\$15,347,978	\$8,178,142	87.67	\$106,395,792	\$68,636,890	55.01
Market Capitalization	\$12.58bn	\$12.66bn	(0.61)	\$12.55bn	\$9.88bn	27.03

Source: Beirut Stock Exchange (BSE)



EIU revises growth forecast to 5.1% for 2009, warns of impact of political divisions on economic policy

In its first report about the Lebanese economy since the formation of the new Cabinet, the Economist Intelligence Unit revised upwards its economic growth forecast to 5.1% in 2009 from 2.4% earlier this year and to 5.8% in 2010 from an earlier forecast of 3.3%. It attributed the change in forecast to continued strong growth in the tourism sector, a key driver of growth in other services sectors, and to ongoing investment in the construction sector. It said that the banking sector has also been protected by strong inflows of deposits and interest income from government debt. It noted, however, that political uncertainty and a drop in the exports of goods have constrained growth, adding that activity could be higher next year if the political situation improves. It indicated that economic growth in Lebanon is closely correlated to trends elsewhere in the Middle East, as services exports typically account for at least half of the economy's GDP. It added that its growth forecast remains relatively cautious given the shortage of timely economic indicators outside the banking and tourism sectors. It considered that exports of goods and services are likely to remain the main drivers of growth in 2010, as Lebanon benefits from renewed economic expansion in the region.

The EIU said that formation of a new Cabinet should allow some progress on economic policy-making, which has been largely frozen since the election campaign. It considered that privatization is likely to remain a sensitive issue due to a combination of ideological reasons and vested interests, and to questions about the transparency of any sales of state assets. It considered that the structural fiscal deficit, which is driven mainly by the cost of servicing the massive public debt stock, is unlikely to be seriously addressed by spending cuts. Lack of progress on the fiscal reforms sought by donors, along with global liquidity constraints, is likely to lead to further delays in disbursement of conditional aid pledged at the Paris III donor conference in 2007. Privatization of state assets, notably the two mobile-phone operators and the heavily subsidized state-owned electricity provider, Electricité du Liban could be deferred beyond 2011. However, the partial privatization of Middle East Airlines could move more quickly, as the company is controlled by the Central Bank of Lebanon rather than a ministry, and as the plan is to float a 25% stake on the local stock market rather than selling it to a single investor.

The EIU considered that there are some risks to capital inflows to Lebanon in 2010-11, as the impact of the global recession on the Gulf Arab countries and on Europe may constrain inflows of investment and remittances. Moreover, there is a chance that the large inflows of non-resident deposits that come mainly from Lebanese expatriates could be at least partly reversed when interest rates and investment opportunities strengthen elsewhere. It noted that capital inflows will remain highly vulnerable to changes in sentiment, and may suffer if there is a renewed political crisis. It estimated Lebanon's large gross financing deficit at \$12.3bn, or the equivalent of 40% of estimated GDP, in 2009. It said short-term, trade-related debt accounts for nearly half of this deficit, reflecting Lebanon's heavy import requirement. It said the narrow financing requirements, which exclude short-term debt repayments, stood at an estimated \$6.6bn.

Country Forecast Summary			
	2009f	2010f	2011f
Real GDP growth (%)	5.1	5.8	5.5
Consumer price inflation (end-of-period) (%)	2.2	2.0	2.0
Consumer prices (avge) (%)	1.0	3.0	2.9
Fiscal balance (% of GDP)	-10.9	-10.3	-9.3
Current-account balance (\$bn)	-3.1	-3.6	-3.2
Current-account balance (% of GDP)	-10.0	-10.6	-8.7
External debt (% of GDP)	117	111	103
Public Debt (% of GDP)	162	153	142
Foreign Reserves (\$bn)	27.0	27.6	28.5
Months of Import Cover	15.1	14.1	13.7
Exchange Rate LP:US\$ (avge)	1,508	1,508	1,508
Exchange Rate LP:€(avge)	2,104	2,144	2,107

Source: Economist Intelligence Unit, November 2009

Central Bank extends interest rate subsidies till June 2011, plans to improve payment systems

The Central Bank extended the subsidy of interest rates on loans to productive Lebanese sectors from June 2010 until June 2011. Last May, the Central Bank issued circulars to subsidize interest rates on loans to productive sectors in Lebanese pounds and foreign currency and to partially lift reserve requirements on loans, with eligible loans to be processed up till June 2010. The decision was 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. In parallel, the Central Bank announced it has formed a corporate governance task force that will focus on effective governance at banks, especially at the level of the boards of directors. Also, the Bank indicated that it will improve payment systems both domestically and with foreign parties in 2010, and that it will establish a dedicated department for this purpose.

Lebanon issues \$500m in Eurobonds

The Finance Ministry indicated that Lebanon successfully placed \$500m in Eurobonds, with proceeds to be mainly earmarked towards servicing the debt and for Treasury transfers to the money-losing state-owned Electricité du Liban. The issue has two tranches with maturities in 2015 and 2024, totaling \$250m each. The coupon rate on the 2015 maturity is at 5.875%, while the rate on the 2024 maturity is at 7%. It said the demand on the 5-year bond was oversubscribed by 7 times, while the 15-year bond was oversubscribed by 1.5 times. It added that external participation accounted for 47% of total demand for the 2024 bond and for 11% for the 2014 maturity, while foreign participation accounted for 27% for the two tranches combined. The ministry said the favorable rates and high demand for the current issue would help in the refinancing of Eurobonds maturing in 2010 and that total \$2.15bn. The new Eurobonds constitute the second issue in 2009, as the Finance Ministry successfully completed a voluntary debt swap for around \$2.3bn of maturing Eurobonds last March, with demand reaching 82.8% of the maturing bonds. 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 €11m bond with a coupon rate of 7.75% due in 2012. The bonds included \$450m in new issues due to high demand.

Fitch assigns ratings to new Eurobonds, says political stability is supporting economic growth

Fitch Ratings assigned a rating of 'B-' for each of Lebanon's two new \$250m bonds. It said the ratings are in line with Lebanon's sovereign Long-term foreign currency Issuer Default Rating (IDR) of 'B-' that carries a 'stable' outlook. The agency said Lebanon's new government is expected to approve its ministerial policy statement and to receive a vote of confidence from Parliament soon. It noted that the restoration of political stability, culminating in the June parliamentary elections, has helped Lebanon's economy post a strong recovery. Fitch forecast Lebanon's GDP to grow by around 7% in 2009 with inflation falling to low single digits and the debt burden continuing to ease slightly.

It indicated that the country's banking system has continued to attract substantial resident and non-resident private sector deposits, which have helped fund the government's large debt burden and the current account deficit. It said foreign currency reserves rose throughout 2009 to exceed \$27bn at end-November, reaching a record high. It noted, however, that the new government faces substantial political challenges and a pressing need to reduce its budget deficit of 10% of GDP and public debt from around 150% of GDP.

Net public debt at \$43.7bn at end-October 2009

Lebanon's gross public debt reached \$49.9bn at the end of October 2009, constituting an increase of 6.1% from end-2008 and a rise of 8.3% from end-October 2008. Domestic debt increased by 14.8% to \$28.7bn, while external debt decreased by 0.5% annually to \$21.2bn. Local currency debt accounted for 57.5% of gross public debt at end-October 2009 compared to 54.2% a year earlier, while foreign currency-denominated debt represented 42.5% of the total at the end of October relative to 45.8% a year earlier. Market issued Eurobonds account for about 67% of external debt.

Commercial banks accounted for 58.2% of the total public debt at the end of October 2009 compared to 57.3% a year earlier and 56.7% at end-2008. They were followed by the Central Bank with 19.4% relative to 19.8% at end-October 2008 and 18.8% at end-2008; while public agencies, financial institutions and the general public accounted for 160.4% of the debt relative to 10.6% a year earlier and 9.7% at end-2008. Further, multilateral and bilateral loans represented 6.1% of the debt, unchanged year-on-year, while other holders accounted for the remaining 5.8%. In parallel, residents held 88.1% of the public debt at the end of October, almost unchanged from 87.7% a year earlier, but up from 85.2% at end-2008. 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 7.4% to \$43.7bn. 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.

Fiscal deficit up 16% to \$2.4bn in first 10 months of 2009

Figures released by the Finance Ministry show that the fiscal deficit reached \$2.4bn in the first 10 months of 2009, up 16% from the same period last year. The deficit was equivalent to 25.3% of total budget and Treasury expenditures compared to 26.1% in the same period of 2008. Overall government expenditures reached \$9.5bn, up 19.7% year-on-year, while total revenues increased by 21% to \$7.1bn over the covered period. Tax revenues improved by 28% year-on-year to \$5.1bn, of which 33.3%, or \$1.7bn, were in VAT receipts that posted a 13.5% annual rise. Tax revenues accounted for 75.5% of budgetary revenues and for 71.8% of total Treasury and budget receipts.

Debt servicing increased by 13.9% year-on-year to \$3.2bn, accounting for 33.2% of total expenditures and for 44.5% of budgetary spending. It absorbed 44.5% of overall revenues and 46.8% of budgetary receipts. Excluding debt servicing, the budget primary surplus reached \$3bn, or 41.6% of budget expenditures compared to a surplus of \$2.4bn, or 40.3% a year earlier. The overall primary surplus reached \$904m, or 9.5% of total spending compared to a surplus of \$892m, or 11.2% of total expenditures, a year earlier.

Balance of payments posts surplus of \$6bn in first 10 months of 2009

Central Bank figures show that Lebanon's balance of payments (BoP) posted a surplus of \$6bn in the first 10 months of 2009 compared to a surplus of \$2.4bn in the same period last year. The BoP posted a surplus of \$1.17bn in October compared to a surplus of \$475m in September and to a surplus of \$231m in October 2008. The October 2009 surplus was caused by a rise of \$886m in the Central Bank's net foreign assets and an increase of \$281m in those of banks and financial institutions. The cumulative surplus over the first 10 months of 2009 was caused by a rise of \$7.04bn in the Central Bank's net foreign assets and a decline of \$1.04bn in those of banks and financial institutions. The balance of payments posted a cumulative surplus of \$3.5bn in 2008.

Airport passengers up 24.3% in first 11 months of 2009

Figures released by the Hariri International Airport (HIA) show that the number of airport passengers (arrivals, departures, transit) amounted to 4.55 million in the first 11 months of 2009, up 24.3% from the same period last year. The total number of flights reached 52,152 in the first 11 months of 2009, up 28.4% year-on-year. Also, the HIA processed 66,005 metric tons of cargo, of which 65,068 tons of freight and 937 tons of mail. The total cargo processed in the first 11 months of 2009 increased by 6.3% compared to the same period of 2008.

Commercial banks' assets reach \$112bn at end-October 2009

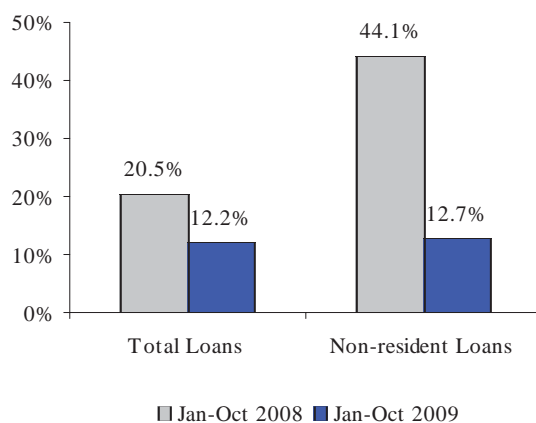
The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets reached \$111.6bn at the end of October 2009, up 18.4% from end-2008 and up 23.4% from end-October 2008. Private sector deposits totaled \$92.4bn, up 18.8% from end-2008 and up 23.6% from end-October 2008. Deposits increased by \$1.25bn in October, \$1.89bn in September, \$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 35.2% from end-2008 and by 45% year-on-year, while deposits in foreign currencies increased by 11.7% from the end of last year and by 14.6% from end-October 2008. Non-resident foreign currency deposits reached \$13.5bn at end-October 2009, increasing by 27.5% from end-2008 and by 36.9% year-on-year. In parallel, deposits of non-resident banks reached \$4.6bn, up 7.8% from end-2008 and up 29.1% from end-October 2008. The dollarization rate of deposits reached 65.4% at end-October 2009, down from 69.6% at end-2008 and from 70.5% a year earlier. Further, the average deposit rate in Lebanese pounds reached 6.86% compared to 7.28% a year earlier, while the same rate in US dollars was 3.18%, down from 3.54% in October 2008.

Loans to the private sector amounted to \$28.1bn, up 12.2% from end-2008 and up 14.1% year-on-year. Non-resident foreign currency loans reached \$4.5bn at end-October 2009, increasing by 12.7% from end-2008 and by 16.3% year-on-year. The dollarization rate in private sector lending reached 84.8% compared to 86.6% at end-2008 and 86.9% a year earlier. The average lending rate in Lebanese pounds was 9.32% in October 2009 compared to 9.90% a year earlier, while the same average in US dollars was 7.28% compared to 7.53% in October 2008. Claims on the public sector stood at \$28.2bn, up 10.8% from end-2008 and up 15% year-on-year, and accounted for 50.1% of the banking sector's total loans but for just 25.2% of the sector's asset base. The ratio of private sector loans to deposits in foreign currencies stood at 39.4%, well below the Central Bank's limit of 70%, and down from 40.6% a year earlier. In parallel, the same ratio in Lebanese pounds was 13.3% compared to 14.6% a year earlier. The ratio of total private sector loans to deposits stood at 30.4%, down from 32.9% a year earlier. The banks' aggregate capital base stood at \$7.72bn, up 8.7% from end-2008 and 8.3% from \$7.13bn in October 2008.

CDR's projects at \$9bn

The Council for Development and Reconstruction (CDR) issued a progress report that included a review of projects implemented during the 1992-2008 period as well as upcoming projects. The report stated that the CDR signed contracts for an aggregate value of \$8.95bn during the past 16 years with finalized projects accounting for \$6.5bn, or 72.6% of all contracts and \$2.45bn worth of projects still to be implemented. The transportation sector accounted for 25% of signed contracts, followed by the electricity sector with 17%, water treatment & potable water with 15%, solid waste with 14%, education with 11%, post & telecommunications with 9% and public health with 4%, while other sectors accounted for the remaining 6%. The CDR also noted the importance of using long-term soft loans from multilateral institutions to finance its projects in order to reduce reliance on the Treasury as a source of funds. It said that foreign funding totaled \$3.81bn, with \$1.26bn for electricity projects, \$801m for water treatment & potable water, \$644m for transportation, \$435.4m for education projects, \$48.3m for post & telecom projects, and \$32.4m for solid waste projects. It added that implemented contracts totaled \$1.3bn for the electricity sector, \$1.43bn for transportation, \$750m for education, \$803.4m for water treatment & potable water projects, and \$95m for solid waste.

Growth in Private Sector Loans (%)



Source: Association of Banks in Lebanon

Occupancy at Beirut hotels at 71%, room yields up 94% in the first 9 months of 2009

Ernst & Young's benchmark survey of the Middle East hotel sector indicated that occupancy rate at hotels in Beirut was 71% in the first 9 months of 2009, up 48% from 48% in the same period last year. The occupancy rate in Beirut was the 7th highest among 21 markets in the region, compared to being the lowest in the same period last year. Beirut posted the highest growth in occupancy rates in the region, but this was largely due to the fact that occupancy rates in Beirut hotels were very low in the first 9 months of 2008. The survey said the average rate per room at Beirut hotels was \$226 in the first 9 months of 2009, ranking the capital's hotels as the 7th most expensive in the region ahead of Dubai-Overall, Dubai- City, Al Ain and Dubai-Apartments in the UAE, all markets in Saudi Arabia, Amman in Jordan and all markets in Egypt.

The average rate per room at Beirut hotels increased by 32.1% to \$226 year-on-year and posted the highest increase among all markets in the region. The average rate per room in Beirut came above the regional average of \$191, which declined by 3.8% from \$198 in the same period of 2008. However, the average room rate in Beirut decreased by 33% in September 2009 from August and increased by 32.1% from September 2008. Occupancy rates at Beirut hotels were 57% in June, 87% in July 2009, 75% in August, 71% in September 2009, compared to 57% in June, 74% in July, 90% in August, and 48% in September 2008. Beirut hotels had an occupancy rate of 57% for all of 2008.

Further, revenues per available room (RevPAR) were \$162 in Beirut in the first 9 months of 2009, up from \$84 in the same period last year, ranking it in 5th place in the region, after Dubai-Beach, Abu Dhabi, Doha and Manama. Beirut's RevPAR was up 93.6% year-on-year, posting the highest rise in the region, and compared to an average decline of 10% across the region. Beirut posted RevPARs of \$139 in June, \$281 in July, \$242 in August, and \$162 in September 2009 compared to \$100 in June, \$156 in July, \$216 in August, and \$84 in September 2008.

Hotel Performance in first 9 months of 2009

	Occupancy Rate (%)	RevPAR (US\$)	RevPAR % change
Dubai - Beach	83	237	(32.7)
Sharm El Shaikh	77	42	(16.0)
Hurghada	76	35	(17.3)
Dubai - Apartments	76	115	(29.4)
Abu Dhabi	75	224	(4.1)
Jeddah	73	149	8.0
Beirut	71	162	93.6
Dubai - Overall	71	159	(35.7)
Cairo - City	68	77	(13.9)
Cairo - Overall	68	76	(14.9)
Cairo - Pyramids	67	70	(20.5)
Al Ain	66	103	5.9
Dubai - City	66	132	(38.0)
Doha	65	191	(11.6)
Makkah	62	140	(15.2)
Muscat	61	154	(11.6)
Riyadh	60	129	(12.8)
Madina	59	89	(18.6)
Amman	58	83	(6.2)
Manama	57	172	(14.4)
Kuwait	54	145	(5.0)

Source: Ernst & Young, Byblos Research

Stock market activity down 41% to \$988.7m in first 11 months of 2009

Figures released by the Beirut Stock Exchange indicate that total trading volume reached 99.4 million shares in the first 11 months of 2009, a decrease of 2.7% year-on-year, while aggregate turnover amounted to \$988.7m, down 41% from a turnover of \$1.7bn in the same period last year. Market capitalization increased by 27% to \$12.6bn year-on-year, of which 65% was in banking stocks, 32.27% in Solidere stocks, 2.18% in industrial stocks, 0.28% in funds, and 0.27% in trading stocks. The market liquidity ratio was 7.9%, down from 16.9% in the same period of 2008.

Bank stocks accounted for 67.8% of aggregate trading volume in the first 11 months of 2009, followed by Solidere's stocks with 31.7% and industrial stocks with 0.5%. In terms of value of shares traded, Solidere stocks accounted for 70.8% of aggregate value, followed by banking stocks with 28.9% and industrial stocks with 0.2%. The average daily traded volume for the period was 445,802 shares for an average daily value of \$4.4m. The figures reflect a decrease of 2.7% in volume and a decrease of 41% in value year-on-year.

TRA issues three interim telecom licenses

The Telecommunications Regulatory Authority (TRA) of Lebanon granted interim licenses to three Lebanese companies TRISAT sarl, LCNC sal and Waves sal on October 27, 2009. The three companies have already been awarded telecommunications licenses prior to the entry into effect of Law No. 431. The licenses were suspended in 2001 but were subsequently reinstated by the Council of State (Shura Council) in 2003. The TRA's policy has been to grant interim telecom licenses to all the operators that were licensed before the TRA's creation. Based on these licenses, TRISAT, LCNC and Waves will be able to install and operate networks, therefore providing broadband data and Internet services. The decision raises to 24 the number of private licensed service providers that have their own networks. The TRA is an independent institution assigned to liberalize, regulate, and develop the telecommunications sector in Lebanon. Established in 2002, the TRA effectively started operations upon the nomination of its board members in February 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 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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