



LEBANON THIS WEEK

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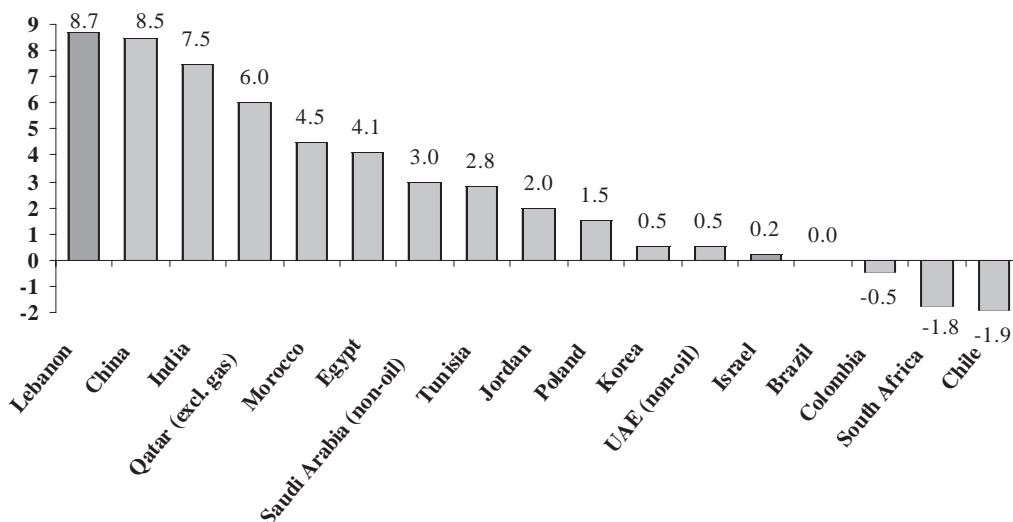
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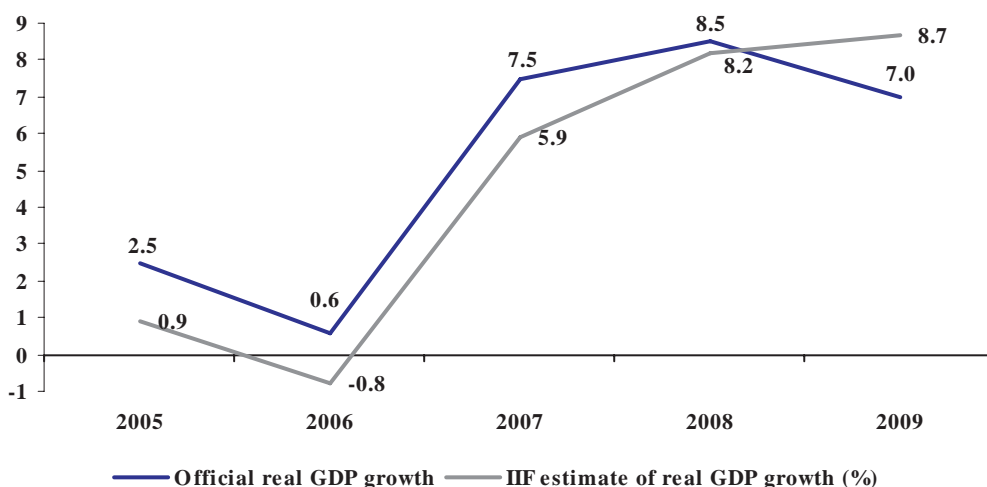
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Charts of the Week

Estimated Real GDP Growth of Select Emerging Markets for 2009 (%)



Lebanon Real GDP Growth (%)



Source: Institute of International Finance

Quote to Note

“The fragile equilibrium that defines Lebanese politics means that reforms are hampered by conflicts between various vested interests.”

Standard Chartered Bank, on the prospects of structural reforms in the country

Number of the Week

\$5.75bn: Opportunity cost to the Lebanese economy from the problems of state-owned and money-losing Electricité du Liban, according to the Energy Ministry

Economic Indicators

\$m (unless otherwise mentioned)	2007	Nov 08	2008	Sep 09	Oct 09	Nov 09	% Change*
Exports	2,816	330	3,478	298	327	339	2.73
Imports	11,815	1,664	16,133	1,250	1,291	1,581	(4.99)
Trade Balance	(8,999)	(1,334)	(12,655)	(952)	(964)	(1,242)	(6.90)
Balance of Payments	2,036	303	3,462	475	1,167	280	(7.59)
Checks Cleared in LBP	8,409	764	9,350	900	1,102	850	11.26
Checks Cleared in FC	29,893	3,542	43,174	3,882	4,600	3,752	5.93
Total Checks Cleared	38,302	4,306	52,524	4,782	5,702	4,602	6.87
Budget Deficit/Surplus	(2,546)	(511)	(2,921)	(381)	(190)	(179)	(64.97)
Primary Balance	731	(247)	597	47	210	101	(140.89)
Airport Passengers	3,408,834	299,175	4,085,334	463,919	388,771	380,342	27.13
\$bn (unless otherwise mentioned)	Dec 2007	Nov 2008	Dec 2008	Sep 09	Oct 09	Nov 09	% Change*
BdL FX Reserves	9.78	16.42	17.06	23.21	24.12	24.81	51.10
<i>In months of Imports</i>	<i>9.19</i>	<i>9.87</i>	<i>15.03</i>	<i>18.57</i>	<i>18.68</i>	<i>15.69</i>	<i>58.97</i>
Public Debt	42.03	46.82	47.02	49.18	49.90	50.46	7.77
Net Public Debt	39.03	41.15	41.49	43.61	43.74	44.01	6.95
Bank Assets	82.26	91.76	94.25	109.90	111.57	113.57	23.77
Bank Deposits (Private Sector)	67.29	75.60	77.78	91.19	92.44	94.06	24.42
Bank Loans to Private Sector	20.42	24.69	25.04	27.89	28.09	28.81	16.69
Money Supply M2	16.47	23.87	24.76	31.57	32.36	33.19	39.04
Money Supply M3	59.83	67.08	68.66	78.73	79.71	81.04	20.81
LBP Lending Rate (%)	10.10	10.08	9.95	9.22	9.15	9.13	(95b.p.)
LBP Deposit Rate (%)	7.40	7.27	7.22	6.94	6.86	6.81	(46b.p.)
USD Lending Rate (%)	8.02	7.54	7.47	7.24	7.28	7.25	(29b.p.)
USD Deposit Rate (%)	4.69	3.47	3.33	3.16	3.18	3.07	(40b.p.)
%* Change in CPI**	5.92	8.35	6.36	1.99	1.66	4.47	(388b.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"	22.84	1.51	136,335	17.64%
Solidere "B"	22.79	0.57	38,396	11.44%
Byblos Common	2.13	0.95	45,100	3.57%
Byblos Priority	2.14	(1.38)	25,250	3.41%
Byblos Pref. 08	104.00	0.00	0	1.61%
BLOM GDR	90.5	0.00	20,470	5.17%
BLOM Listed	90.05	(0.06)	30,513	14.96%
Audi GDR	89.80	(0.06)	4,653	6.82%
Audi Listed	87.00	0.00	5,550	23.13%
HOLCIM	11.75	(2.08)	4,671	1.77%

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

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Mar. 2010	7.125	100.11	4.74
May 2011	7.875	105.88	3.08
Mar. 2012	7.500	107.88	3.56
Sep. 2012	7.750	109.63	3.76
June 2013	8.625	112.50	4.55
Apr. 2015	10.000	119.94	5.53
Jan. 2016	8.500	114.50	5.59
May 2016	11.625	129.88	5.84
Mar. 2017	9.000	118.94	5.71
Apr. 2021	8.250	113.13	6.57

Source: Byblos Capital Markets

	Feb 8-12, 2010	Feb 1-5, 2010	% Change	January 2010	January 2009	% Change
Total Shares Traded	315,144	5,497,513	(94.27)	12,057,977	2,561,252	370.78
Total Value Traded	\$10,063,710	\$25,015,465	(59.77)	\$961,719,141	\$40,944,752	2,248.82
Market Capitalization	\$12.95bn	\$12.91bn	0.26	\$12.65bn	\$8.76bn	44.36

Source: Beirut Stock Exchange (BSE)



Lebanon's brand perception improves significantly in fourth quarter

The Nation Brand Perception Index (NBPI) ranked Lebanon in 43rd place among 200 countries and territories around the world and in fourth place among 20 countries in the Middle East and North Africa region in the fourth quarter of 2009. Lebanon ranked in 175th place globally and in 15th place regionally in the third quarter. Lebanon also came in fifth place among 37 upper-middle income countries (UMICs) included in the survey. Despite the quarterly improvement, Lebanon ranked in 173rd place overall for the full year, ahead of Honduras and behind Vietnam, at it ranked 174th in the second quarter and 182nd in the first quarter of 2009. The NBPI analyzes international perceptions of a country's brand. It covers the tone, whether positive or negative, and frequency of mentions in the international media. It said the number of times a country is mentioned reflects the strength of the brand, but not necessarily its quality. The index is based on a quarterly analysis of millions of mentions of countries in hundreds of thousands of news articles in 38 prominent global media sources. The index scores rely both on the overall quality of the media coverage and the prominence of the country, determined by the number of country references or mentions.

Globally, Lebanon ranked ahead of Oman, Mauritius and Tunisia and came behind Luxembourg, Switzerland, and Kuwait. It also ranked ahead of Mauritius and Costa Rica, and behind Chile and the Czech Republic among UMICs. Lebanon received a score of 53.1 points, above the global average of 50.1 points, the UMICs average of 50 points, the MENA average of 42.1 points and the Arab average of 43.6 points. Lebanon's score increased by 27.6% in the fourth quarter from 41.6 points in the third quarter. Its score was 43 points in the second quarter, 36.4 points in the first quarter of 2009, and 38.4 points in the fourth quarter of 2008.

In parallel, Lebanon was the 36th most mentioned country in the international media in the fourth quarter of 2009, the 7th most mentioned country from the MENA region and the 6th most mentioned among UMICs. Globally, Lebanon was mentioned more than Greece, Sweden and North Korea, and less than the Netherlands, Malaysia and Egypt. It was also mentioned more than Poland and the Czech Republic and less than Malaysia and Mexico among UMICs. It was the 35th most mentioned country in the third quarter, 38th most mentioned in the second quarter, and 41st most mentioned in the first quarter of 2009 as well as the 13th most mentioned in the fourth quarter of 2008. Lebanon was mentioned 11,824 times in the international media, below the global average mentions of 14,057 times, as well as below the MENA average mentions of 12,754 times, but above the Arab average mentions of 7,749 times and the UMICs' average mentions of 4,651 times. Lebanon's number of mentions in the fourth quarter was lower than its 13,359 mentions in the third quarter, 15,125 mentions in the second quarter, 13,123 mentions in the first quarter of 2009 and its 67,553 mentions in the fourth quarter of 2008. Singapore had the best nation brand perception in the world with a score of 98.3 points and Pakistan the worst brand perception with a score of -2 points.

Turkey signs several cooperation agreements, INSEE to provide technical assistance

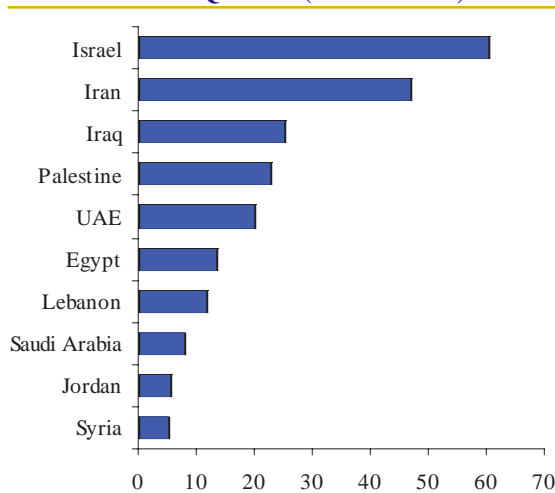
Turkey and Lebanon signed several cooperation agreements in the agriculture and transport fields, including an accord on visa-free travel between the two countries. Turkey also pledged to supply Lebanon with natural gas and electricity. In parallel, France and Lebanon signed a convention on judicial assistance between the two governments. The French Institut National de la Statistique et des Etudes Economiques (INSEE) and the Lebanese Ministry of Finance signed an agreement for the provision of technical assistance to support the calculation of the 2009 national accounts and the determination of a method to calculate the quarterly accounts and to forecast 2010 and 2011 figures. Also, the Council for Development and Reconstruction and the Republic of China signed two economic and technical cooperation grant agreements for \$2.2m and \$4.4m, respectively.

MENA Scores & Rankings in Q4-2009

	Score	MENA Rank	Global Rank
Qatar	62.8	1	20
Bahrain	54.0	2	38
Kuwait	53.6	3	40
Lebanon	53.1	4	43
Oman	52.9	5	44
Tunisia	52.9	6	46
Turkey	52.6	7	52
Morocco	51.6	8	56
Jordan	50.7	9	77
Syria	48.9	10	129
Libya	45.7	11	164
Algeria	45.1	12	167
Egypt	42.9	13	173
Saudi Arabia	40.9	14	183
Yemen	29.2	15	192
UAE	27.7	16	194
Israel	25.7	17	195
Iran	23.7	18	196
Palestine	21.4	19	197
Iraq	7.8	20	199

Source: East West Communications, Byblos Research

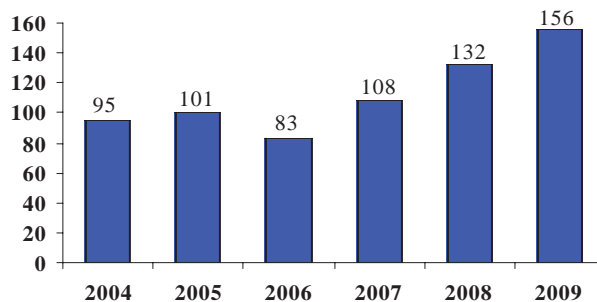
Top 10 MENA countries mentioned in global media in Q4-2009 (in thousands)



Advertising spending in Lebanon up 19% to \$156m in 2009, billboard advertising drives growth

The annual survey of the advertising market in the Arab world by *ArabAd* magazine and research firm IPSOS-STAT shows that real advertising expenditures in Lebanon totaled \$156m in 2009, constituting an increase of 18.5% from \$131.7m in the previous year, but lower than the 22% growth rate posted in 2008. Television attracted \$54m, or 34.6%, of advertising expenditures, followed by outdoor billboards with \$41m (26.3%), newspapers with \$33.5m (21.5%), magazines with \$12.5m (8%), radio with \$11m (7%), online with \$3m (1.9%) and cinemas with \$1m (0.6%). Outdoor advertising rose by 49% last year, driven by spending on political ads due to the parliamentary elections. It was followed by radio with a 28% growth year-on-year, magazines with a 12.6% increase, TV with an 8% rise from 2008, and newspapers with a 1.5% improvement. Cinemas were the only medium to show a decline in ad expenditures last year, as spending dropped by 33.3% year-on-year.

Real advertising expenditures in Lebanon (\$m)



Source: ArabAd, Byblos Research

In terms of advertising revenues, LBCI was the top television station, *Al Balad* led all newspapers, *Achabaka* was the top weekly publication, and *Mondanité* was the leading monthly periodical, all unchanged from 2008. Transmed was the biggest individual spender on advertising in Lebanon, followed by L'Oreal Liban, Khalil Fattal & Fils, BUMC, Solvid, Zinatat, BankMed, SMLC, Obegi Consumer Products, and Amana Care. Toyota was the top advertised brand in all media, followed by Zein al Atat, Head & Shoulders, BankMed, Jeux de la Francophonie, Pantene Pro-V, Ariel, Freez, Pampers and Amana Care.

According to IPSOS-STAT, monitored advertising expenditures in Lebanon, which are determined according to rate cards, totaled \$1bn last year, up 28.3% from \$784.4m in 2008. It said the discrepancy between monitored rates and actual figures is increasing, as monitored rates are 6.5 larger than real advertising expenditures. It attributed this trend to big client discounts, inflated rate cards, big barter deals, as well as to a lack of transparency in the industry in reporting earnings. It noted that monitored ad spending on TV are 13.8 larger than actual spending, followed by radio with a 4.5 ratio, magazines at 3.7 times, outdoor billboards with a 2.5 ratio, newspapers with a ratio of 1.9, and cinema at 1.2 times.

Sovereign credit outlook depends on credible policy actions, upcoming budget is opportunity to reduce expenditures

Global investment bank Barclays Capital indicated that Lebanon's macroeconomic and financial sector performance exceeded market expectations in 2009. It maintained a positive outlook for Lebanon in 2010 but considered that growth rates are likely to slow down to around 5% to 6% in 2010 from their 7% to 8% level last year. It said that the formation of the national unity government reduced short-term domestic political risks, but added that a consensual form of government is bound to render decision-making more complex. It noted that the growing need for higher capital spending on infrastructure highlights the imperative to implement revenue reforms and expenditure rationalization. It warned that failure to do so will limit the room for further reductions in interest rates and maintain the need for costly sterilization of large capital inflows. It considered that political risks remain a constant, with the biggest risk stemming from a sudden war with Israel similar to what happened in July 2006.

Barclays Capital said that its outlook on Lebanon's credit depends primarily on credible policy actions from the new government aimed at implementing fiscal consolidation and sustaining higher growth rates in order to put the debt on a sustainable path. It considered the upcoming 2010 budget to be a first key milestone and litmus test for the government's ambitions. It expected a rise in budgetary and non-budgetary expenditures due to the return to a normalized budgetary cycle and from additional allocations to meet political spending on social and infrastructure projects. It noted that the government is proceeding with filling all vacancies in higher ranking civil servant positions, but considered this move as a missed opportunity that would exacerbate the budget rigidity, at a time when public sector downsizing could have helped reduce the wage bill. Moreover, higher oil prices and lack of visibility on the nature and timing of measures to reduce losses at Electricité du Liban, including the much-needed electricity tariff reforms, will keep the utility's losses weighing on public finances in the foreseeable future. Further, the size of the domestic stock is keeping debt service cost from falling rapidly, despite recent declines in interest rates. In parallel, it said that the government's attempt to raise the VAT rate from 10% to 12%, and gradually to 15%, is unlikely to succeed due to rising popular opposition.

According to Barclays Capital, the Finance Ministry is focused on maintaining the debt-to-GDP ratio at its current levels and at preventing a reversal in solvency indicators in the absence of privatization proceeds this year, and given the expected rise in public expenditures. It considered that the ministry can afford to reduce the primary surplus to zero in order to keep debt dynamics in check, provided it manages to reduce borrowing costs further. However, this would bring the total fiscal deficit to between 10% and 11% of GDP for the year.

Credit and debit cards reach 1.63 million cards, ATMs total 1,207 at end of 2009

Figures released by the Central Bank of Lebanon show that the number of credit and debit cards issued in Lebanon reached 1.63 million cards at the end of 2009, constituting a 1.5% increase from end-September 2009, and a 4.2% rise on a yearly basis. Resident cardholders accounted for 97.1% of total cards issued in Lebanon. The distribution of payment cards by type shows that debit cards with residents accounted for 63.4% of the total, followed by credit cards with residents (20.8%), charge cards with residents (10%), non-resident debit cards (2.3%), resident prepaid cards (2.9%), non-resident charge cards (0.4%), non-resident credit cards (0.2%), and non-resident pre-paid cards (0.03%). The number of ATMs rose by 2.2% to 1,207 machines on a quarterly basis and by 5.9% from 1,140 ATMs at the end of 2008. The Greater Beirut area had 598 ATMs, accounting for 49.5% of the total, followed by Mount Lebanon with 264 (21.9%), the North with 131 (10.9%), the South with 100 (8.3%), the Bekaa with 91 (7.5%), and Nabatiyeh with 23 (1.9%). Further, the aggregate number of point of sales accepting payment cards reached 45,469 by the end of the year, increasing by 2% annually.

The average monthly domestic payment by residents totaled \$111m in the fourth quarter of 2009, rising by 8% quarter-to-quarter and by 25.6% from the fourth quarter of 2008, while the average monthly payment abroad by residents increased by 4.1% to \$64.8m on a quarterly basis and by 19.4% from the fourth quarter 2009.

Further, the average monthly value of cash withdrawals by residents using ATMs decreased quarterly by 2.6% and rose by 10.3% from the same quarter of the previous year to \$405m, while average monthly withdrawals by non-residents regressed by 26.1% to \$5.8m quarter-to-quarter and rose by 8% from the last quarter of 2008. Also, the average monthly purchases in Lebanon by non-residents rose 66.7% quarter-to-quarter and by 92.8% annually to \$3.5m. Domestic card payments in Lebanese pounds accounted for 12.2% of aggregate payments in all currencies, while local currency withdrawals represented 67.6% of the total in the fourth quarter.

Number and Usage of Payment Cards Issued in Lebanon			
	2009	2008	Change
Cards			
With residents	1,582,769	1,519,298	4.2%
With non-residents	47,267	44,660	5.8%
Total	1,630,036	1,563,958	4.2%
ATMs			
Points of Sales	45,469	44,547	2.1%
Purchases (in US\$m)			
by residents in Lebanon	\$1,132.4	\$926.5	22.2%
<i>% in Lebanese pounds</i>	<i>11.7%</i>	<i>10.7%</i>	
by non-residents in Lebanon	\$26.7	\$18.6	43.3%
by residents outside Lebanon	\$677.8	\$613.2	10.5%
Cash withdrawal (in US\$m)			
by residents in Lebanon	\$4,631.7	\$802.0	477.5%
<i>% in Lebanese pounds</i>	<i>67.0%</i>	<i>65.6%</i>	
by non-residents in Lebanon	\$71.8	\$60.9	17.8%

Source: Central Bank of Lebanon, Byblos Research

Most tourist spending in Lebanon originates from Saudi Arabia in January 2010

According to Global Refund, the cash refund operator for international shoppers, tourists from Saudi Arabia spent the most in Lebanon in January 2010, equivalent to 18% of total tourist spending, followed by tourists from UAE (13%), Egypt (10%), Kuwait (7%) and Jordan (7%). Beirut attracted 79% of total spending over the covered period, followed by the Metn area with 16% and the Keserwan region with 3% and the Baabda area with 1%. Fashion & clothing accounted for 65% of total spending, followed by watches with 14%, home & garden with 4%, perfume & cosmetics with 4% and department stores with 4%.

Association of Banks calls for lowering interest rates on deposits

The Board of Directors of the Association of Banks in Lebanon encouraged banks to reduce interest rates on deposits in Lebanese pounds and to increase lending in Lebanese pounds as a share of total private sector lending due to the limited placement opportunities of local currency liquidity in Treasury bills and Certificates of Deposits. It noted that banks continue to pay interest rates that exceed 7% on short-term Lebanese pound deposits, while they are subscribing to new issues of Treasury bills at rates lower than 7%, including three-year Treasury bills. It added that the margin between returns on placements and the cost of funds in Lebanese pounds becomes negative when including reserve requirements and operating costs. It warned that this trend will result in material losses for banks, especially that Lebanese pound deposits account for about one third of overall private sector deposits, and this share is continuing to increase due to ongoing massive conversions from foreign currencies into Lebanese pounds, driven by interest rate differentials that currently reach 350 basis points between Lebanese pound and foreign currency deposits.

Association of Banks amends reference rate on US dollar and Lebanese pound lending

The Association of Banks in Lebanon (ABL) recommended to its member banks to decrease the Beirut Reference Rate in US dollars to 5.12% from 5.10% previously starting in March. The rate, considered as the reference rate for lending in foreign currency, replaced last year the London Inter-Bank Offering Rate (LIBOR) since the ABL considered that the LIBOR no longer accurately reflects the cost of funding and lending in Lebanon. Additionally, the ABL recommended to its member banks to decrease the Beirut Reference Rate in Lebanese pounds to 8.56% from 8.58% previously. The Beirut Reference Rate in US dollars and Lebanese pounds were adopted in March and May 2009, respectively. The ABL indicated that the BRR does not replace the Beirut Prime Lending Rate in each currency, 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. The prime lending rate for US dollar and Lebanese pounds are 8.25% and 10% respectively.

M1 Group confirms acquisition of stake in Bank Audi

The Beirut-based M1 Group, the investment firm established by former Prime Minister Najib Mikati and his brother Taha, officially confirmed that it has acquired nearly 50% of EFG Hermes' stake in Bank Audi for about \$450m. Last month, regional investment bank EFG Hermes announced that it has sold its entire stake in Bank Audi at \$91 per share for a total of \$913.4m, after lengthy discussions with the bank regarding a combination of the two entities did not yield results. The stake consisted of 7.55 million local shares and 2.48 million Global Depositary Receipts. M1 Group's CEO Azmi Mikati said in an interview with Bloomberg that the group is unlikely to increase its stake in Bank Audi. M1 Group's holdings include Geneva-based Baboo airline, French retailer Façonnable, exploration and production firm Avante Petroleum, and a stake in MTN Group Ltd., Africa's largest mobile phone company. There has been no other official disclosure about the buyers of the rest of EFG Hermes' stake. The bank's local shares closed at \$87 and its GDRs at \$89.80 on February 12th. In parallel, Bank Audi called for an Extraordinary General Assembly to be held on March 3, 2010 to approve a split of each existing share into 10 shares, and a capital increase through the issuance of preferred shares.

Banque Libano-Française to raise capital

The Extraordinary General Assembly of Banque Libano-Française held on December 15, 2009 approved the bank's capital increase by LBP 10bn to LBP 220bn. The capital increase will take place through the issuance of one million Preferred Shares Category 2. The issue price of the preferred shares is \$100 at a par value of LBP 10,000 per share. Holders of Preferred Shares Category 2 will receive an annual dividend of \$8 per share starting in 2010, and will receive \$2.25 per share for 2009. BLF's capital is currently divided between 20 million common shares and one million Preferred Shares Category 1, with the latter issued in 2006. Holders of Preferred Shares Category 1 and of common shares will have priority in subscribing to the new preferred shares. Banque Libano-Française, one of Lebanon's top 10 banks, ranks in 6th place in assets and in customer deposits, and in 5th place in loans & advances to customers.

Holcim's outlook revised to stable, ratings affirmed

Fitch Ratings revised the outlook to 'stable' from 'negative' on the ratings of Swiss-based building materials company Holcim Ltd. It also affirmed the firm's long-term Issuer Default and senior unsecured ratings at 'BBB'. Holcim Ltd is the parent company of Holcim Liban and holds a 52% stake in the Lebanese firm. The agency attributed the change in outlook to the expected improvement in Holcim's credit metrics in the coming 24 months. It anticipated trading conditions in the construction industry to remain challenging in mature markets, especially in Western Europe, and for growth to persist in major emerging countries. However, Fitch expected that the positive impact of free cash flow generation from cost reduction measures, lower capital expenditures, and a conservative dividend policy, will enable Holcim to progressively improve its financial metrics at a faster pace than previously anticipated. Fitch indicated that its latest assumptions for Holcim include a decline in revenues in 2009 and single digit increase in 2010. The agency noted that Holcim's ratings continue to reflect its strong market positions in cement, aggregates and concrete, and its complementary product portfolio. It added that the group has solid geographical diversification, with deep penetration in growing emerging markets, which are typically higher-margin although they can be more volatile on an individual basis.

Holcim Liban posted net profits of \$20.8m in the first 9 months of 2009 relative to \$19.53m in 2008. The firm's net sales reached \$128m, down 23.1% from end 2008. Holcim's total assets and total equity amounted to \$301.2m and \$201.1m respectively as at end-September 2009, compared to \$312.7m and \$197.8m as at end-2008. The company is engaged in the production and sale of cement and other related services, and its shares are listed on the Beirut Stock Exchange.

SGS, TUV to monitor quality of agricultural exports

The Investment Development Authority of Lebanon (IDAL) announced that inspection and certification companies SGS Liban and TUV Hellas will be monitoring the quality and safety of agricultural products exported through Export Plus, the national program of agricultural export support. It said that SGS Liban will control quality of agricultural products exported from Beirut, Mount Lebanon and the North, while TUV Hellas will monitor products exported from the South and the Bekaa regions. IDAL launched the Export Plus program in August 2001 to support agricultural exports. The program consists of a subsidy for the transport of agricultural goods based on the quantity exported and the destination. The volume of fruits and vegetables exported through the Export Plus Program totaled 203,000 tons in the first half of 2009.

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	Oct 2008	Sept 2009	Oct 2009	Change*	Risk Level
Political Risk Rating	57.5	56.5	56.5	▼	High
Financial Risk Rating	28.0	27.5	28.0	↔	High
Economic Risk Rating	30.0	27.5	35.5	▲	Low
Composite Risk Rating	57.7	55.7	60.0	▲	Moderate

Regional Average	Oct 2008	Sept 2009	Oct 2009	Change*	Risk Level
Political Risk Rating	65.6	65.1	65.1	▼	Moderate
Financial Risk Rating	41.1	41.7	42.0	▲	Very Low
Economic Risk Rating	39.0	34.7	34.8	▼	Moderate
Composite Risk Rating	72.8	70.7	70.9	▼	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	Positive	B2		Positive
Fitch	B-	B	Stable	B-		
S&P	B	B	Positive	B	B	Positive
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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