



LEBANON THIS WEEK

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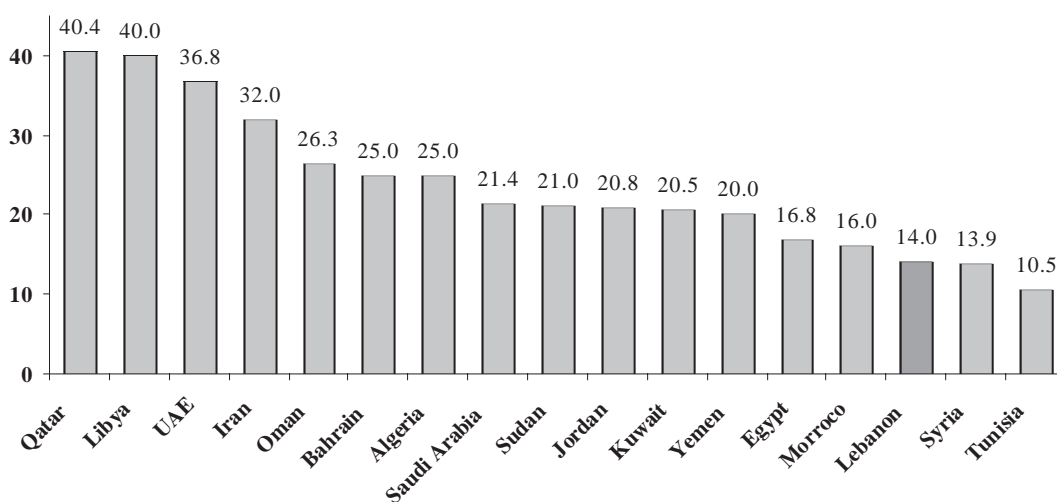
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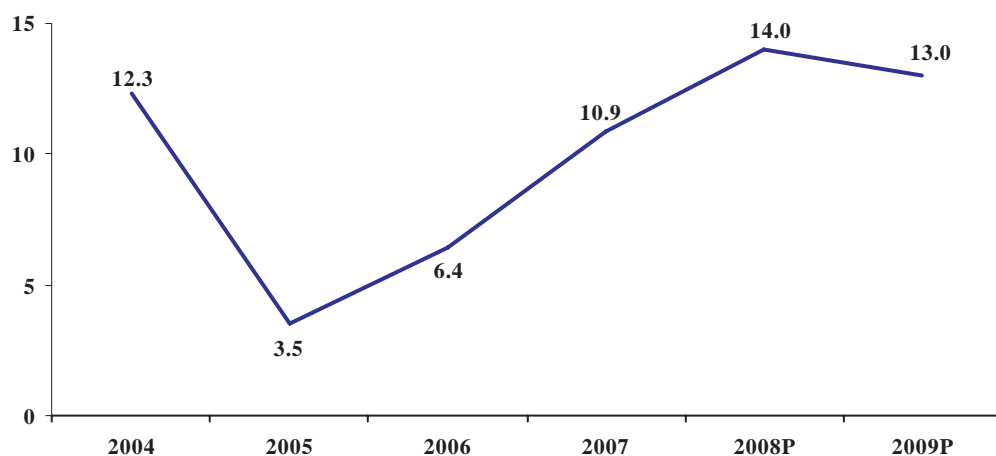
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Charts of the Week

Projected Broad Money Growth in MENA Countries for 2008 (Annual % change)



Projected Broad Money Growth in Lebanon (Annual % change)



Source: International Monetary Fund, October 2008

Quote to Note

“Lebanon should take the initiative to avoid the potential repercussions that could arise from the expected decline in economic activity around the world.”

Central Bank Governor Riad Salameh, on the need to address the possible impact of the global financial crisis on the Lebanese economy

Number of the Week

\$442m: Increase in the foreign currency assets of the Central Bank of Lebanon in the second half of October, leading to a record total of \$18.8bn as at October 31, 2008

Economic Indicators

\$m (unless otherwise mentioned)	Aug. 2007	Jan-Aug 07	2007	July 2008	Aug. 2008	Jan-Aug 08	% Change*
Exports	222	1,751	2,816	308	283	2,337	33.5
Imports	1,043	7,562	11,815	1,643	1,417	10,374	37.2
Trade Balance	(821)	(5,811)	(8,999)	(1,335)	(1,134)	(8,037)	38.3
Balance of Payments	135	289	2,036	1,528	402	2,013	596.54
Checks Cleared in LBP	731	5,495	8,409	848	773	6,149	11.90
Checks Cleared in FC	2,605	18,749	29,883	4,266	4,282	28,447	51.73
Total Checks Cleared	3,336	24,244	38,292	5,114	5,055	34,596	42.70
Budget Deficit/Surplus	(270)	(1,543)	(2,546)	(125)	(246)	(1,692)	9.65
Primary Balance	(20)	542	731	160	(27)	563	3.80
Airport Passengers	424,105	2,255,919	3,408,834	485,769	547,237	2,649,872	17.46

\$bn (unless otherwise mentioned)	Dec. 2006	Aug. 2007	Dec. 2007	June 2008	July 2008	Aug. 2008	% Change*
BdL FX Reserves	10.21	10.20	9.78	12.62	14.18	15.13	48.33
<i>In months of Imports</i>	<i>11.30</i>	<i>9.78</i>	<i>9.19</i>	<i>10.51</i>	<i>8.63</i>	<i>10.68</i>	<i>9.20</i>
Public Debt	40.37	40.44	42.03	44.48	44.65	45.41	12.48
Net Public Debt	37.42	38.10	39.03	40.40	40.52	40.72	6.88
Bank Assets	74.27	79.55	82.26	88.45	90.15	90.70	14.02
Bank Deposits (Private Sector)	60.69	64.63	67.29	72.09	74.19	75.02	16.06
Bank Loans to Private Sector	17.02	18.94	20.42	23.68	24.19	24.77	30.84
Money Supply M2	15.57	16.56	16.47	19.30	20.27	21.28	28.50
Money Supply M3	53.23	57.40	59.83	63.55	65.25	66.14	15.23
LBP Lending Rate (%)	10.37	10.16	10.10	10.09	10.13	9.96	(25b.p.)
LBP Deposit Rate (%)	7.49	7.48	7.40	7.25	7.23	7.23	(25b.p.)
USD Lending Rate (%)	8.55	8.20	8.02	7.28	7.32	7.17	(103b.p.)
USD Deposit Rate (%)	4.76	4.85	4.69	3.55	3.50	3.55	(130b.p.)
%* Change in CPI**	7.04	1.68	5.92	12.43	13.92	13.52	1184b.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"	21.13	(7.04)	455,898	18.81%
Solidere "B"	20.86	(7.86)	68,553	12.07%
Byblos Common	1.85	0.00	94,590	3.58%
Byblos Priority	1.85	(2.63)	71,684	3.39%
BLOM GDR	78.95	1.22	5,624	5.19%
BLOM Listed	75.00	(10.18)	50	14.36%
Audi GDR	69.00	0.00	4,354	6.04%
Audi Listed	70.00	0.00	0	21.31%
HOLCIM	15.00	0.81	14,144	2.61%

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

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Oct.2009	10.250	103.00	7.09
Dec.2009	7.000	100.00	6.99
Mar.2010	7.125	99.75	7.31
May 2011	7.875	99.81	7.95
Sep.2012	7.750	98.13	8.32
June 2013	8.625	100.88	8.39
Apr.2015	10.000	106.25	8.72
Jan.2016	8.500	98.44	8.79
May 2016	11.625	115.50	8.78
Apr.2021	8.250	94.25	9.03

Source: Byblos Capital Markets

	This Week	Last Week	% Change	October 2008	October 2007	% Change
Total Shares Traded	724,149	2,002,978	(63.85)	14,251,997	53,900,188	(73.56)
Total Value Traded	\$12,721,584	\$29,857,486	(57.39)	\$129,604,208	\$135,734,027	(4.52)
Market Capitalization	\$11.23bn	\$11.69bn	(3.91)	\$11.69bn	\$9.66bn	20.95

Source: Beirut Stock Exchange (BSE)



Lebanon ranks 57th worldwide, 5th in MENA region in the management of natural resources

The 2008 Natural Resources Management Index in 165 countries ranked Lebanon in 57th place worldwide and 5th among 15 countries in the Middle East and North Africa region. Lebanon came in the 56th place globally and in 7th place in the 2006 survey. Lebanon also ranked in 14th place among 30 Upper Middle Income countries (UMICs) included in the current survey. The index measures a country's economic policies that promote the sustainable management of natural resources. It is intended to reflect whether governments are investing limited resources in ways that will increase economic growth, reduce poverty, and improve natural resource management. It is based on four sub-indices that cover eco-region protection, access to improved water, access to improved sanitation, and child mortality. Each category is rated on a scale from zero to 100, with the overall index calculated as the simple average of the four sub-indices. The index is issued by Columbia and Yale universities.

Globally Lebanon tied with Iran and Morocco, ranked ahead of Mexico, China and Ukraine and came immediately behind Chile, the Dominican Republic and Singapore. It also ranked ahead of Venezuela, Argentina and Turkey and came behind Panama, Oman and Chile among UMICs. Lebanon received a score of 87.8 points, above the global average of 77.6 points, the MENA and Arab averages of 78.7 points and 78 points respectively, as well as above the UMICs average of 86.4 points. On a global basis, Lebanon's rank regressed by one spot, while its score increased by 3.05% from the 2006 survey.

Lebanon shared first place with 42 other countries including Australia, Canada and France and ranked ahead of the United States on the Access to Improved Water sub-index. This component measures the percentage of the population with access to at least 20 liters of water per person per day from an 'improved' source within one kilometer of residency. It also tied with Hungary, and ranked ahead of Croatia among UMICs in this category. Also, Lebanon tied with Greece, French Polynesia and Cuba, ranked ahead of Thailand and came behind Portugal on the Access to Improved Sanitation sub-index that measures the percentage of the population with access to hygienic facilities. It also ranked ahead of Grenada and behind Croatia among the UMICs.

Further, Lebanon came ahead of Turkey and behind Vietnam on the Child Mortality sub-index, which measures the probability of a child dying between the ages of 1 and 4 years. It also ranked ahead of Russia and came behind Belize among UMICs. Finally, Lebanon ranked ahead of Bahamas and behind Mali on the Eco-region Protection sub-index. The indicator assesses the comprehensiveness of a government's commitment to habitat preservation and biodiversity protection. It also came ahead of Argentina and behind Mexico among UMICs.

Natural Resources Management Index Rankings & Scores

Country	Score	MENA	Global
		Rank	Rank
UAE	99.1	1	17
Algeria	93.2	2	39
Jordan	92.9	3	40
Oman	89.7	4	53
Iran	87.8	5	57
Lebanon	87.8	5	57
Morocco	87.8	5	57
Egypt	84.0	8	69
Qatar	76.3	9	94
Tunisia	73.2	10	105
Syria	71.6	11	109
Libya	67.1	12	117
Iraq	60.1	13	135
Sudan	57.7	14	142
Yemen	51.8	15	154

Source: Columbia and Yale universities, Byblos Research

Components of the 2008 Natural Resources Management Index for Lebanon

Category	Global Rank	MENA Rank	UMICs Rank	Lebanon Score	Global	MENA	UMICs
					Average Score	Average Score	Average Score
Access to Improved Water	1	1	1	100.0	84.7	86.9	92.5
Access to Improved Sanitation	35	2	8	98.0	69.2	81.1	84.1
Child Mortality	91	8	19	97.6	88.0	94.8	95.2
Eco-Region Protection	159	8	22	55.7	72.3	51.9	73.9

Source: Columbia and Yale universities, Byblos Research

Total Paris III commitments reach \$4.73bn at end-September 2008

The Ministry of Finance indicated that a total of \$4.73bn in Paris III-related pledges has been signed as at end-September 2008, equivalent to 63% of the \$7.6bn that were pledged at the donor conference held in January 2007. It estimated that \$2.6bn were disbursed by end-September, equivalent to 56% of total pledges. Budget support agreements totaled \$1.86bn, equivalent to 39.3% of total signed agreements by the end of September, followed by private sector support with \$1.28bn (27%), project finance support with \$1.03bn (21.8%), in-kind support with \$306m (6.5%), support through the UN with \$122m (2.6%), support through civil society organizations (CSO) with \$88m (1.9%) and Central Bank support with \$43m (0.9%). The Finance Ministry said that budget support agreements totaled \$1.86bn, exceeding the \$1.74bn pledged due to the \$500m debt transaction with Malaysia earlier this year. Excluding this transaction, budget support agreements by the end of September accounted for 78% of total budget support pledged at the conference. The ministry added that 100% of Central Bank support, 89% of CSO support, 77% of budget support, 69% of in-kind support, 44% of private-sector support, and 38% of UN support have been disbursed.



EFG-Hermes maintains growth forecast at 5% for 2009, says Lebanon well positioned to weather financial crisis

Regional investment bank EFG-Hermes maintained its economic growth forecast for Lebanon at 4.5% in 2008 and 5% in 2009 despite the increasing impact of the global credit crisis on the economies of the Gulf Cooperation Council. It said that the trade balance deteriorated sharply in 2008 due to rising commodity prices and the weakness of the US dollar, widening to \$8bn in the first 8 months of 2008 from \$5.8bn in the same period last year. But it noted that the trade balance improved slightly in August, with the monthly trade deficit narrowing to \$1.4 billion from \$1.6bn the previous month, with falling oil prices accounting for much of the difference as the value of imported fuels declined by more than 50% month-on-month. It said the continuing fall in oil and other commodity prices should contribute to a further improvement in the trade balance for the remainder of the year, but expected import demand to remain robust.

EFG-Hermes indicated that Lebanon's balance of payments position has improved markedly over the same period, particularly since the May 2008 Doha Accord led to a reduction in political tensions. It added that Lebanon ran a broad balance of payment surplus of \$2bn in the first 8 months of 2008, implying services income and capital inflows of about \$10bn, or around 36% of estimated 2008 GDP. It noted that \$6bn of the capital inflows took place from June 2008 to August 2008, reflecting a revived tourism season and improved perceptions of Lebanese political stability in recent months.

According to EFG-Hermes, Lebanon is also benefiting from additional capital inflows with the worsening of global financial conditions, as non-resident Lebanese are seeking a safe haven due to rising concerns about global banking institutions. It said Lebanese banks have liquid balance sheets with some of the lowest loan-to-deposit ratios in the region, and the Central Bank's regulations prohibit banks from investing in structured products. It noted that these conditions mean that Lebanon is well placed to weather the current financial crisis, and an improved political climate should mean that the economy benefits from higher investment and tourism revenue even as regional economic growth slows. The investment bank forecast a rather optimistic balance of payments surplus of \$4bn for the full year and \$3bn for 2009.

In parallel, EFG warned that there is little visibility regarding the privatization of the two mobile networks and on the restructuring of Electricité du Liban. It added that a structural improvement in Lebanon's fiscal position looks difficult without changes on this front. The investment bank also kept its inflation forecast to 11% at end-2008, declining to 6.3% at end-2009. It projected private sector credit to increase from 3.2% in 2007 to 11% in 2008 and 8% in 2009, and for broad money supply to grow by 15% in 2008 and 7% in 2009.

Parliamentary committees approve new pension plan

The Lebanese Parliament's joint committees approved a new pension plan that will replace the existing End of Service Indemnity program (EOSI) established in 1963. The new plan stipulates that the retired person will receive, starting at the age of 64, a monthly pension that cannot fall below the minimum wage, as well as receive medical care. In addition, employees that are affected by a disability will receive a monthly disability allowance. The pension will be determined on the basis of a person's end-of-service balance in the National Social Security Fund (NSSF). Employees will contribute the equivalent to 5% of yearly salary, while the employer will contribute 12.25% of the employee's annual salary. The subscriptions will be pooled into one account, along with the cumulative EOSI contributions to date, any late payment penalties, and the government's yearly contribution to the fund, which is equivalent to 0.45% of the aggregate salaries of participating employees. Under the new plan, the NSSF is allowed to invest the funds in order to gain additional revenues. The added value of the new plan is that it provides medical care to retired employees as well as a monthly pension, compared to one lump sum retirement payment and no health coverage in the old system.

Ministry of Public Health launches new medicine health card

The Ministry of Public Health launched a 'medicine' health card in collaboration with the Young Men's Christian Association (YMCA) in charge of the Medical Assistance Program that aims at providing chronically ill patients with the required medicines. The card ensures constant communication between the patient, the healthcare center and the YMCA. It also allows the healthcare center to do all the patients' registrations and the drugs payments' procedures through an online connection established between the center and the YMCA. The card aims at facilitating medicines' deliveries and insuring continuous deliveries to the patients. The card will be launched at a first stage through 30 medical centers and its use will be extended later on to all medical centers and clinics throughout Lebanon.

Balance of payments posts surplus of \$2.2bn in first 9 months of 2008

Central Bank figures show that Lebanon's balance of payments posted a cumulative surplus of \$2.2bn in the first 9 months of 2008 compared to a surplus of \$580m in the same period last year. The cumulative surplus resulted from an increase of \$5.5bn in the Central Bank's net foreign assets combined with a decrease of \$3.3bn in those of banks and financial institutions. The balance of payments posted a surplus of \$200m in September following a surplus of \$402m in August and compared to a surplus of \$290m in September 2007. The September 2008 surplus was caused by an increase of \$247m in the Central Bank's net foreign assets and a decline of \$47m in those of banks and financial institutions.

Net public debt at \$41bn at end of September 2008

Lebanon's gross public debt reached \$45.71bn at the end of September 2008, constituting an increase of 8.7% in the first 9 months of the year and a rise of 12.3% from \$40.7bn at end-September 2007. Domestic debt increased by 16.4% year-to-September and rose by 20.5% year-on-year to \$24.2bn, while external debt rose by 1.2% in the first 9 months of the year and grew by 4.3% annually to \$21.5bn. Local currency debt accounted for 53% of gross public debt compared to 49.4% at end-September 2007, while foreign currency-denominated debt represented 47% of the total at end-September 2008 relative to 50.6% a year earlier.

Commercial banks accounted for about 55.9% of the gross public debt at the end of September 2008 compared to 53.3% at the end of 2007 and 53.1% at end-September 2007. The Central Bank held 17.5% of the gross public debt at end-September 2008, down from 20% at the end of last year, and down from 21.2% at the end of September 2007. Public agencies, financial institutions and individual investors accounted for 9.9% of the gross public debt compared to 10.2% at end-2007 and 10.4% a year earlier. Bilateral and multilateral loans accounted for 6.8% of the debt at end-September 2008, down from 7% at the end of 2007 and up from 6.3% at the end of September 2007. 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 6.6% to \$40.9bn.

Coincident Indicator rises by 12% year-on-year in August, posts its best month ever in July

The Central Bank's Coincident Indicator, an index of economic activity in Lebanon, reached 198.3 points in August compared to 201.9 points in July and 177.2 points in August 2007. The Coincident Indicator, an average of 8 weighted economic indicators, regressed by 1.8% month-on-month and rose by 12% on an annual basis. The indicator averaged 192 points in the 12 months ending August 2008 compared to 190.2 points in the 12 months ending July 2008 and to 175.5 points for the 12 months ending August 2007. As a result, the average coincident indicator rose by 9.4% year-on-year. The coincident indicator was on an upwards trend in the early months of the year until military confrontations across the country in May disrupted economic activity. The indicator posted its highest value ever at 201.9 points in July 2008, reflecting the peak summer season as well as restored political stability. The indicator posted its second best performance in April 2008 at 200 points, but the growth rate of the indicator slowed during that month, reflecting deteriorating political conditions. It rebounded in June with the easing of political tensions and the start of the tourism season. The indicator averaged 180 points in 2007 compared to 171.6 points in 2006 and 172.6 points in 2005.

Airport passengers up 18.2% year-on-year

Figures released by the Hariri International Airport (HIA) show that the number of airport passengers (arrivals, departures, transit) amounted to 3.4 million in the first 10 months of 2008, up 18.2% from the same period last year. Airport passengers for the month of October 2008 reached 351,753, down 3.8% from September 2008 and up 27.6% from October 2007. Airport passengers from the UAE accounted for 19.7% of total passengers in October 2008, followed by French with 12.1%, Saudi Arabia nationals with 10.7% and Kuwaitis with 6.7%.

Cleared checks reached \$39.4bn in first 9 months of 2008

The value of cleared checks reached \$39.4bn in the first 9 months of 2008, up 43.2% from the same period last year. The value of cleared checks in Lebanese pounds rose by 11.7% to the equivalent of \$6.9bn, while the value of cleared checks in US dollar rose by 52.4% to \$32.5bn. The dollarization rate of cleared checks increased from 77.6% to 82.5% year-on-year.

Industrial and commercial activity up in second quarter of 2008

According to the Central Bank's business survey, industrial production increased during the second quarter of 2008, with a balance of opinion standing at +4, compared to -17 during the same quarter of 2007. The business survey reflects the opinions of enterprise managers on the evolution of their businesses, in order to depict the evolution of a number of key economic variables. The balance of opinion for overall demand for industrial goods increased from -25 in the second quarter of 2007 to -3 in the same quarter of 2008.

For commercial activity, the volume of sales also increased significantly during the second quarter of 2008, with a balance of opinion standing at +10 compared with -24 during the same quarter of 2007. Moreover, overall activity in the construction and public works sectors improved significantly in the second quarter of 2008, with a balance of opinion standing at +7, compared with -12 in the same quarter of 2007. A number of surveyed managers reported that, in the construction and public work sectors, ongoing projects rose at the end of the second quarter of 2008, with a balance of opinion standing at +5, compared with -17 a year earlier.

Year-on-year Evolution of Opinions		
Aggregate Results	Q2-07	Q2-08
Industrial production	-17	4
Total demand for industrial goods	-25	-3
Commercial sales volume	-24	-10
Overall activity in construction and public works	-12	7
Ongoing projects in construction and public works	-17	5

Source: Central Bank Business Survey

Commercial banks' assets reach \$91.7bn at end of September 2008

The Association of Banks in Lebanon released the consolidated balance sheet of commercial banks showing that total assets reached \$91.7bn at the end of 2008, up 11.5% from end-December 2007 and up by 12.4% from the end of September 2007. Private sector deposits totaled \$75.1bn, an increase of 11.7% from the end of last year and by 14.4% from September 2007. Deposits in Lebanese pounds rose by 36.3% year-on-year while deposits in foreign currencies increased by 7.7% annually. Non-resident foreign currency deposits rose annually by 13.6% to \$10.1bn at end-September 2008 and the dollarization rate of deposits reached 72%. Further, the average deposit rate in Lebanese pounds reached 7.18% compared to 7.47% a year earlier, while the same rate in US dollars was 3.57%, down from 4.96% in September 2007.

Loans to the private sector amounted to \$24.8bn, up by 21.4% from December 2007 and by 26.8% year-on-year. The dollarization rate in private sector lending reached 87.2% compared to 86.3% a year earlier. The average lending rate in Lebanese pounds was 9.98% in September 2008 compared to 10.40% a year earlier, while the same average in US dollars was 7.37% compared to 8.2% in September 2007. Claims on the public sector stood at \$24.3bn, up 17.4% year-on-year and up 12.9% from December 2007, and accounted for 49.5% of the banking sector's total loans. The ratio of private sector loans to deposits in foreign currencies stood at 40%, well below the Central Bank's limit of 70%, and up from 33.6% a year earlier. In parallel, the same ratio in Lebanese pounds was 15% compared to 17.4% a year earlier. The ratio of total private sector loans to deposits stood at 33%, up from 29.8% a year earlier. The banks' aggregate capital base stood at \$7bn, up 17.4% from \$6bn in September 2007.

Bank of Beirut to repurchase Preferred Shares Series B

Bank of Beirut announced that the bank's board of directors approved the repurchase of all the 3 million Preferred Shares Class B that were issued in 2003 at a price of \$11.5 per share. The bank still has 2.9 million Preferred Class C shares and 4 million preferred Class C shares outstanding. In parallel, Bank of Beirut plans to raise its capital by transferring part of its free reserves to its capital account as well as by issuing new perpetual and non-cumulative Preferred Shares Class H. It also plans to increase the number of its common shares on the stock market. Bank of Beirut posted net profits of \$49.4m in the first 9 months of 2008, and had total assets of \$5.6bn at end-June 2008.

Bank Al Khaliji acquires BLC Bank France for \$250m

The Doha-based Al Khaliji Commercial Bank announced it has acquired the entire share capital of BLC Bank (France) S.A. for \$250m. The transaction includes a European Union wide banking license, one Paris branch and four branches in the UAE. The branches are independent from the parent Lebanese bank. Al Khaliji will re-brand BLC Bank (France) S.A. and integrate it completely over the next six months. Al Khaliji was established less than two years ago in Qatar and offers both conventional and Islamic commercial and investment banking services. It had total assets of \$2.2bn at end-June 2008.

EFG-Hermes ends merger negotiations with Bank Audi

Regional investment bank EFG-Hermes Holding Company S.A.E. announced that it is ending merger negotiations with Banque Audi in light of current financial market conditions. The two sides cited the recent turmoil in global financial markets as the reason for the decision, even though negotiations have been ongoing for more than one year. The proposed deal reportedly envisaged the formation of a Dubai-based holding company that would own Bank Audi - Audi Saradar Group and EFG-Hermes through a share swap based on the valuation of each side. The Dubai holding would have 15 board members, with each side represented by 7 members in addition to an independent board member. Also, management of the entity was supposed to be conducted by a committee of four executives composed of two persons from each side.

The proposed entity was supposed to end up having \$20bn in assets and offer synergies on a regional level between the two institutions. In January 2006, EFG-Hermes acquired a 20% stake in Bank Audi through a \$450m capital increase by the latter, and then increased its stake gradually to 28.6% currently. However, a report on EFG-Hermes by London-based Emerging Economies Research last year indicated that the investment in Audi would "barely generate any excess economic value added" for EFG's shareholders, which is the ability to generate a return on equity in excess of EFG's cost of equity.

Bank Audi posted net income of \$50.1m in the third quarter of this year, down 34% from \$75.9m in the second quarter, but up 2% from \$49m in the third quarter of 2007. It posted trading losses of \$8.9m in the third quarter relative to trading income of \$28.1m in the second quarter of 2008, which accounted for 37% of second quarter income. But the bank's net profits totaled \$180.6m in the first 9 months of 2008, up 28% from the same period last year. It disclosed that it has posted \$20m in losses from its exposure to the bankrupt Lehman Brothers Holdings Inc.

Ratio Highlights

	2006	2007	Change*	Q2-2008
Nominal GDP ⁽¹⁾ (\$bn)	22.7	24.6		25.1
External Debt / GDP	89.9	86.4	(350)	85.4
Local Debt / GDP	88.1	84.6	(350)	91.7
Total Debt / GDP	178.4	171.0	(740)	177.1
Trade Balance / GDP	(31.3)	(36.6)	(530)	(22.2)
Exports / Imports	24.3	23.8	(50)	23.9
Budget Revenues / GDP	19.4	23.6	420	13.7
Budget Expenditures / GDP	30.8	33.9	310	19.0
Budget Balance / GDP	(11.5)	(10.3)	120	(5.3)
Primary Balance / GDP	0.4	2.9	250	1.7
BdL FX Reserves / M2	65.6	59.6	(600)	65.4
M3 / GDP	234.4	243.2	880	253.3
Bank Assets / GDP	327.2	334.4	720	352.5
Bank Deposits / GDP	267.4	273.5	610	287.3
Private Sector Loans / GDP	67.4	72.2	480	94.4
Dollarization of Deposits	76.2	77.3	110	74.6
Dollarization of Loans	84.0	84.3	30	87.3

* Change in basis points 06/07

(1) Based on Ministry of Finance Estimations and assuming 2% growth over the first half of 2008

Source: 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	Aug 2007	Jul 2008	Aug 2008	Change*	Risk Level
Political Risk Rating	56.0	57.0	57.0	▲	High
Financial Risk Rating	31.5	31.5	28.0	▼	High
Economic Risk Rating	29.0	28.5	30.0	▲	Moderate
Composite Risk Rating	58.2	58.5	57.5	▼	High

Regional Average	Aug 2007	Jul 2008	Aug 2008	Change*	Risk Level
Political Risk Rating	66.1	65.6	65.6	▼	Moderate
Financial Risk Rating	41.4	41.2	41.3	▼	Very Low
Economic Risk Rating	40.0	39.8	40.1	▲	Very Low
Composite Risk Rating	73.7	73.3	73.5	▼	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	B3	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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