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Economic Research & Analysis Department

LEBANON THIS WEEK

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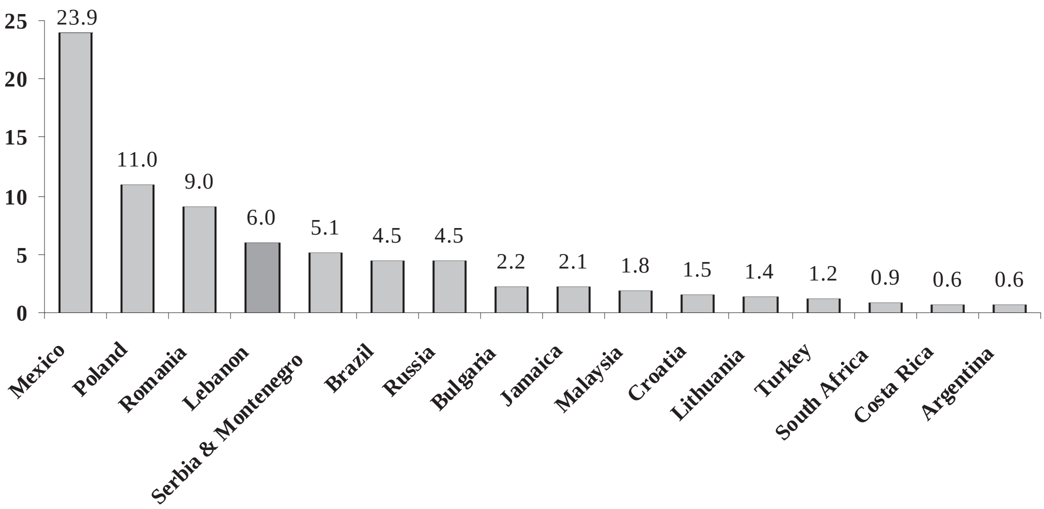
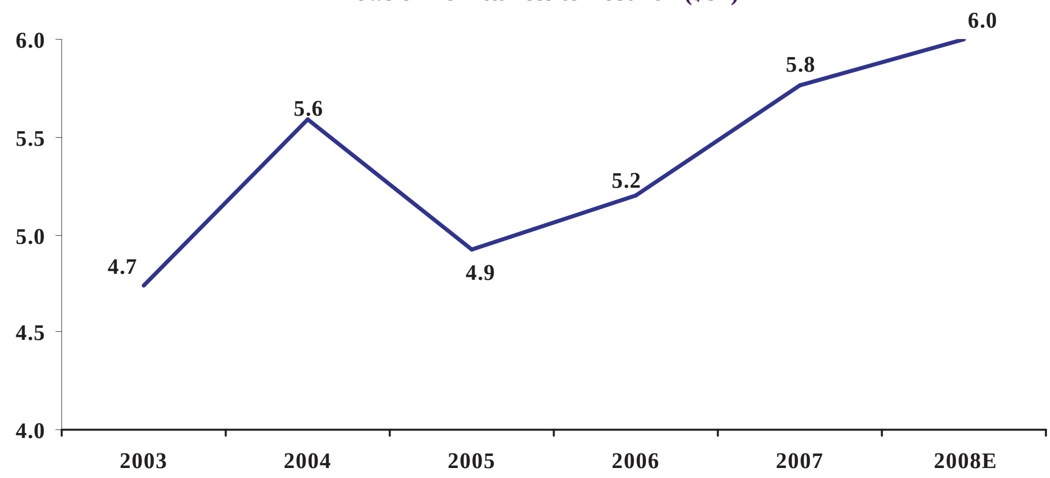
Estimated Inflows of Remittances to Upper Middle-Income Countries for 2008 ($bn)



Inflows of Remittances to Lebanon ($bn)



Source: World Bank

Quote to Note

"Risks to Lebanese creditworthiness have clearly moderated compared to the situation in the second quarter of 2008, as the sharp improvement in the domestic political consensus has helped the local economy to stabilize and better realize its potential."

Credit Suisse, on the improvement in Lebanon's sovereign outlook since the Doha Accord of May 2008

Number of the Week

$2.3bn: Increase in the foreign assets of the Central Bank of Lebanon since the outbreak of the global financial crisis in mid-September, leading to a record total of $19.6bn as at December 15, 2008

Economic Indicators

$m *(unless otherwise mentioned)*	**Oct. 2007**	**Jan-Oct. 07**	**2007**	**Sep. 2008**	**Oct. 2008**	**Jan-Oct. 08**	**% Change***
Exports	258	2,282	2,816	307	254	2,898	26.99
Imports	1,193	9,697	11,815	1,470	1,490	13,334	37.51
Trade Balance	(935)	(7,415)	(8,999)	(1,163)	(1,236)	(10,436)	40.74
Balance of Payments	45	625	2,036	200	231	2,444	291.04
Checks Cleared in LBP	775	6,949	8,409	757	847	7,752	11.55
Checks Cleared in FC	2,879	24,222	29,883	4,062	3,938	36,447	50.47
Total Checks Cleared	3,654	31,171	38,292	4,819	4,785	44,199	41.79
Budget Deficit/Surplus	(263)	(2,077)	(2,546)	(319)	(68)	(2,079)	0.06
Primary Balance	96	670	731	32	297	893	33.16
Airport Passengers	275,716	2,848,777	3,408,834	365,805	351,753	3,367,430	18.21

$bn *(unless otherwise mentioned)*	**Dec. 2006**	**Oct. 2007**	**Dec. 2007**	**Aug. 2008**	**Sep. 2008**	**Oct. 2008**	**% Change***
BdL FX Reserves	10.21	9.58	9.78	15.13	15.32	16.17	68.79
In months of Imports	*11.30*	*8.03*	*9.19*	*10.68*	*10.42*	*10.85*	*35.12*
Public Debt	40.37	41.18	42.03	45.39	45.68	46.19	12.17
Net Public Debt	37.42	38.69	39.03	40.69	40.89	40.85	5.58
Bank Assets	74.27	80.72	82.26	90.70	91.73	90.43	12.03
Bank Deposits (Private Sector)	60.69	66.28	67.29	75.02	75.13	74.80	12.85
Bank Loans to Private Sector	17.02	19.76	20.42	24.77	24.80	24.61	24.54
Money Supply M2	15.57	16.53	16.47	21.28	22.13	23.10	39.75
Money Supply M3	53.23	58.88	59.83	66.14	66.44	66.38	12.74
LBP Lending Rate (%)	10.37	10.27	10.10	9.96	9.98	9.90	(37b.p.)
LBP Deposit Rate (%)	7.49	7.43	7.40	7.23	7.18	7.28	(15b.p.)
USD Lending Rate (%)	8.55	8.24	8.02	7.17	7.37	7.53	(71b.p.)
USD Deposit Rate (%)	4.76	4.81	4.69	3.55	3.57	3.54	(127b.p.)
%* Change in CPI**	7.04	3.55	5.92	13.52	11.76	11.13	(758b.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"	17.05	0.53	297,220	17.39%
Solidere "B"	17.12	0.59	107,457	11.35%
Byblos Common	1.67	(1.18)	312,000	3.70%
Byblos Priority	1.68	2.44	16,700	3.53%
BLOM GDR	71.40	4.16	18,016	5.38%
BLOM Listed	74.75	(0.33)	6,650	16.39%
Audi GDR	56.95	5.46	10,000	5.71%
Audi Listed	53.50	0.94	156,492	18.65%
HOLCIM	15.93	0.00	0	3.17%

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

Sovereign Eurobonds	Coupon %	Mid Price $	Mid Yield %
Oct.2009	10.250	102.00	7.56
Dec.2009	7.000	99.50	7.50
Mar.2010	7.125	98.50	8.45
May 2011	7.875	98.00	8.81
Sep.2012	7.750	95.50	9.20
June 2013	8.625	96.50	9.60
Apr.2015	10.000	99.00	10.21
Jan.2016	8.500	92.50	10.00
May 2016	11.625	107.00	10.25
Apr.2021	8.250	83.00	10.77

Source: Byblos Capital Markets

	This Week	Last Week	% Change	Nov. 2008	Nov. 2007	% Change
Total Shares Traded	951,400	378,304	151.49	4,098,570	8,641,715	(52.57)
Total Value Traded	$18,626,328	$5,465,352	240.81	$68,636,890	$92,377,622	(25.70)
Market Capitalization	$9.81bn	$9.73bn	0.82	$9.88bn	$10.52bn	(6.04)

Source: Beirut Stock Exchange (BSE)

Occupancy at Beirut hotels at 53%, room yields up 83% in first 10 months of 2008

The benchmark survey of the Middle East hotel sector by Ernst & Young indicated that occupancy rate at hotels in Beirut was 53% in the first 10 months of 2008, up 16% from 37% in the same period last year. The occupancy rate in Beirut was the lowest among 22 markets in the region, as it was in the same period of 2007. Beirut posted the highest growth in occupancy rates the region, but this was largely due to starting from a low base in the first months of the year, to significant improvement in the summer months, as well as to the fact that occupancy rates are already very high in most regional markets. The survey said average rate per room at Beirut hotels was $167 in the first 10 months of 2008, ranking the capital's hotels as the 14th most expensive in the region ahead of Al Ain in the UAE, Amman in Jordan and all markets in Egypt. The average rate per room in local currency at Beirut hotels increased by 28.9% year-on-year and posted the 4th highest increase among all markets in the region. The average rate per room in Beirut came below the regional average of $193, which jumped by 19.7% from $161 in the first 10 months of 2007. But the average room rate in Beirut in October jumped by 8.4% from October 2007, the 18th highest such rise in the region.

Hotel Performance in first 10 months of 2008

	Occupancy Rate (%)	RevPar (US$)	RevPar % change
Dubai - Apartments	89	160	9.8
Hurghada	88	45	19.4
Dubai - Beach	86	334	12.9
Sharm El Sheikh	86	50	28.3
Dubai - Overall	83	225	12.7
Abu Dhabi	82	243	36.5
Dubai - City	81	189	13.0
Cairo - Pyramids	81	78	22.8
Cairo - Overall	77	88	20.9
Cairo - City	75	90	20.4
Doha	74	210	23.3
Riyadh	73	143	25.5
Alexandria	73	63	18.4
Jeddah	72	125	16.0
Manama	72	171	23.7
Amman	68	90	24.6
Al Ain	68	108	44.3
Muscat	64	197	34.0
Madina	63	108	12.3
Makkah	63	181	20.8
Kuwait	60	155	13.0
Beirut	**53**	**89**	**82.9**

Source: Ernst & Young, Byblos Research

Occupancy rates at Beirut hotels were 43% in January, 32% in February, 34% in March, 44% in April and dropped to 29% in May 2008 due to the hostilities that took place in the capital and other areas of the country. But occupancy jumped to 61% in June 2008, following the Doha Agreement and the reduction of political tensions in the country, which helped improve confidence and revive the tourism sector. Occupancy continued to improve to 69% in July and soared to 91% in August, the peak month for tourism in Lebanon, and declined to 50% in September and picked up again to 82% in October. In comparison, hotel occupancy was 21% in June, 41% in July, 46% in August, 37% in September and 41% in October 2007. Beirut hotels had an occupancy rate of 35% for all of 2007.

Further, revenues per available room (RevPAR) were $89 in Beirut in the first 10 months of 2008, up from $49 in the same period last year, ranking it in 17th place in the region, ahead of Cairo - Pyramids, Alexandria, Sharm El-Sheikh , Hurghada and Cairo in Egypt. Beirut's RevPAR was up 82.9% in local currency year-on-year, posting the highest rise in the region, and compared to an average rise of 24.3% across the region. Beirut posted RevPARs of $59 in January, $40 in February, $38 in March, $59 in April, $44 in May, $103 in June, $202 in August, $70 in September and $89 in October.

Hurghada posted the highest occupancy rate in the Middle East at 88%, Muscat had the region's highest average room rate at $305 and Abu Dhabi the highest RevPAR at $243 in the first 10 months of 2008, while Beirut posted the highest growth in RevPAr at 82.9% in local currency. Dubai-Beach posted the highest average room rate at $340 and the highest RevPar at $334 among sub-markets.

Parliament ratifies raise of public sector salaries

The Parliament ratified a LBP200,000 increase to the wages and salaries of all public sector employees, in addition to a 5% across-the-board salary raise in the public sector. The legislature also passed law authorizing the government to pay retroactively salary raises for 1996, 1997 and 1998. The latter relate to salary increments that were approved in 1998 by the government and that have not been implemented. The measure related to retroactive dues would cost the Treasury around LBP1,400bn, or $929m, while the other increases in salaries would cost the Treasury around LBP850, or $564m. The government intends to disburse the retroactive adjustments over a three-year period.

Government releases national accounts for 2006-07, shows official real GDP growth of 0.6% in 2006 and 7.5% in 2007

The government released national economic data covering 2006 and 2007 that provide official figures of gross domestic product (GDP), its structure and components, as well as figures on gross national income (GNI) and gross national disposable income (GNDI). The economic data covering the year 1997 served as the base year for computing the national accounts from 1998 onwards. The findings show that GDP was LP33,824bn ($22.4bn) in 2006 and LP37,754bn ($25bn) in 2007, reflecting a real GDP growth of 0.6% in 2006 and 7.5% in 2007. National expenditures stood at LP40,904bn ($27.1bn) in 2006 and LP47,248bn ($31.3bn) in 2007, resulting in a negative trade balance of LP7,080bn ($4.7bn) in 2006 and LP9,494bn ($6.3bn) in 2007. Also, the results show a 2.6% decline in private consumption in 2006 followed by a 6.6% rise in 2007, while public consumption grew by 2.6% in 2006 and 4.5% in 2007. Further, private investments increased by 4% in 2006 and jumped by 27.3% in 2007, while public investments were almost unchanged at 0.1% in 2006 and improved by 7% in 2007.

The study infers that GDP alone cannot measure the level of economic activity and estimated GNDI at LP40,551bn ($26.9bn) for 2006 and LP44,713bn ($29.7bn) for 2007 by adding foreign transfers and income earned abroad to GNI figures. Net current transfers totaled $4.08bn and $4.19bn in 2006 and 2007, respectively. In parallel, the trade deficit has always been covered by foreign revenues and transfers, which contributed to the financing of the national economy by contributing to the formation of household savings. The figures were compiled by the Ministry of Economy & Trade with the technical assistance of French research organization L'Institut National de la Statistique et des Etudes Economiques (INSEE). With the new figures for the past two years, the government has now compiled national accounts for the 1997-2007 period.

GDP Distribution by Sector

	2006		2007	
Sector	**Value (LP bn)**	**% of Total**	**Value (LP bn)**	**% of Total**
Commercial Services	12,098	36	13,046	35
Trade	7,548	22	8,543	23
Construction	2,910	9	4,032	11
Industry	3,341	10	3,629	10
Government	3,377	10	3,553	9
Transportation & Communications	2,875	9	3,116	8
Agriculture & Livestock	2,065	6	2,343	6
Energy & Water	(391)	(1)	(508)	(1)
Total GDP	**33,823**	**100**	**37,754**	**100**

Source: National Accounts for 2006-07, Byblos Research

Lebanon represented in list of top 50 Arab billionaires

Arabian Business magazine's annual survey of the Arab world's top 50 billionaires for 2008 included five persons from Lebanon on its list. The survey ranked MP Saad Hariri in 31st place with an estimated fortune of $2.6bn. It said he is the head of Saudi Oger, the family's $9bn construction company and has stakes in the company as well investments in banking, real estate, tourism, telecommunications and media. *Arabian Business* ranked former Deputy Prime Minister Issam Fares as the 32nd wealthiest person in the region, down 5 spots from 2007, with an estimated fortune of $2.4bn. The magazine said Mr. Fares established companies in engineering, aviation, oil and gas, real estate development, investment and finance, among others, adding that he has a wide network of contacts with world leaders. Mr. Bahaa Hariri ranked in 33rd place with an estimated fortune of $2.3bn, and is involved in real estate and private banking. He is followed by his brother Ayman Hariri in 36th place with $1.07bn, who is involved with Saudi Oger as well as in media and technology. Former Prime Minister Nagib Mikati ranked in 47th place, down 6 spots from the previous survey, with an estimated fortune of $1.5bn. The magazine said Mr. Mikati made his fortune in telecommunications and has vast holdings in the sector. The aggregate fortunes of the five Lebanese on the list accounted for 5.5% of the total net worth of the top 50. Saudi Prince Al-Waleed bin Talal topped the list with $17.1bn, down $4bn from 2007. The survey estimated the aggregate wealth of the 50 wealthiest Arab families or individuals at $199.5bn in 2008, down 12% from the previous year.

Lebanon in the News

Most tourists spending in Lebanon originates from Saudi Arabia and the UAE

According to Global Refund, the cash refund operator for international shoppers, visitors from Saudi Arabia spent the most in Lebanon in the first 11 months of 2008, accounting for 18% of total tourist spending, followed by tourists from the UAE (13%), Kuwait (12%), Jordan (7%) and Qatar (6%). Beirut attracted 80% of total spending over the covered period, followed by the Metn area with 14% and the Keserwan region with 3%. Fashion and clothing accounted for 66% of total spending, followed by watches with 12%, perfumes and cosmetics with 5%, home and garden with 4%, and department stores with 4%.

Beirut port activity in first 11 months of 2008

Figures released by the Port of Beirut Authority show that port revenues amounted to $120.1m in the first 11 months of 2008, up 14.2% from the same period last year. Freight activity reached 5.25 million tons year-to-November, up by 7.7% compared to the same period in 2007. The number of ships reached 1,868, down 7.4% from the first 11 months of 2007. Further, the port's revenues reached $12.8m in November 2008, down 3.9% from the previous month. Freight activity increased by 2.2% to 419,300 ton, while the number of ships dropped by 1.2% to 161 ships in November 2008.

Trade deficit up 41% to $10.4bn in first 10 months of 2008

Imports rose by 37.5% to $13.3bn in the first 10 months of 2008, while exports grew by 27% to $2.9bn in the same period, leading to a trade deficit of $10.4bn, up 40.8% year-on-year. The coverage ratio reached 21.7% in the first 10 months of 2008 compared to 23.5% in the same period last year. The trade deficit reached $1.24bn in October 2008, up 32.2% from October 2007.

The United States was the main source of imports with $1.4bn or 10% of the total, followed by China and France with $1.17bn each, (9% each), Italy with $963m (7%) and Germany with $807m (6%). The UAE was the main export destination with $279m or 10% of the total, followed by Switzerland with $273m (9%), Iraq with $213m (7%), Turkey with $197m (7%) and Syria with $186m (6%). Lebanon's main export was base metals at $486m or 17% of total exports, followed by jewelry with $473m (16%), machinery & appliances with $428m (15%), chemical products with $370m (13%), and food & beverages with $237m (8%). Re-exports totaled $153m in the first 10 months of 2008, down 0.7% from $154m in the same period of 2007.

Customs receipts up 13.7% to $836m in first 10 months of 2008

Figures released by the Higher Customs Council show that customs revenues reached $836m in the first 10 months of 2008, up 13.7% from the same period last year. The Port of Beirut continues to be the main point of customs revenues, accounting for 87.1% of the total, and was followed by the Hariri International Airport with 9.1%, the Masnaa crossing point with 2.1%, and the Port of Tripoli with 1.2%. Overall customs receipts reached $1.88bn in the first 10 months of 2008 when including revenues from the value-added tax that totaled $1.05bn over that period of time.

Construction permits up 32% at end-October 2008

Figures released by the Association of Engineers of Beirut & Tripoli show that construction permits reached 9.46 million square meters in the first 10 months of 2008, up 31.5% from 7.19 million square meters in the same period last year. Construction permits totaled 1.14 million square meters in October 2008, up 37% year-on-year from 833,000 square meters in October 2007. In parallel, cement deliveries reached 3.11 million tons in the first 9 months of the year, an increase of 5.1% from 2.96 million tons in the same period of 2007. Cement deliveries were driven by local demand in the construction sector and by exports. Cement deliveries decreased by 9.1% year-on-year to 344,206 tons in September 2008.

Byblos Bank and Relief International to support rural development

Byblos Bank sal and the non-governmental organization Relief International signed a memorandum of understanding to implement the Municipalities Project, which is financed by the United States Agency for International Development (USAID). The three-year project aims to stimulate economic growth in remote regions as well as to extend loans to small and medium-size enterprises in those areas. The $6m project will provide financial support to municipalities so they can develop local economic activities and help create new job opportunities. The project also aims at increasing the agricultural sector's revenues, encouraging tourism, and supporting arts, culture, and the information technology sector. Relief International will provide technical assistance to 130 villages located in Akkar, Jbeil, Jezzine, and Saïda, while Byblos Bank will extend loans varying between $7,000 and $200,000.

Car sales rise by 84% in first 11 months of 2008

Figures released by the Association of Automobile Importers in Lebanon indicate that a total of 30,603 new passenger cars were sold in the first 11 months of 2008, constituting an increase of 84.3% from the 16,601 cars sold in the same period last year. Car sales in November 2008 decreased by 7.8% from October and rose by 82.1% from November 2007. Japanese cars accounted for 47.1% of total sales, followed by European automobiles with a 25% market share, South Korean cars with 19.4%, American vehicles with 8.1%, and Chinese vehicles with 0.2%. Further, Korean cars posted the biggest growth in sales with a 101.9% jump year-on-year, followed by American cars with a 100.9% rise, Japanese cars with 90.6%, and European vehicles with 60.3%. Nissan is the leading brand in the Lebanese market with 5,932 cars sold in the first 11 months of 2008, followed by Toyota with 4,490 cars sold, Kia with 3,948, Peugeot with 2,286, and Hyundai with 1,980 cars.

Kafalat loan guarantees reach $117.2m in first 11 months of 2008

Figures released by the Kafalat Corporation show that loans extended to small- and medium-size companies under the guarantee of Kafalat reached $117.2m in the first 11 months of 2008, up 37.9% from $85m over the same period last year. The number of loan guarantees totaled 842 year-to-November compared to 709 in the first 11 months of 2007. The average loan size reached $139,131 compared to $120,066 last year. Mount Lebanon accounted for 50% of guarantees, followed by the South with 17.7%, the Bekaa with 15.4%, the North with 13.3% and Beirut with 3.6%. The industrial sector accounted for 42% of total guarantees, followed by agriculture with 41.8%, tourism with 12.6%, and handicraft with 3.1%.

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

Uniceramic's net losses at $1.7m in first half of 2008

Tile-maker Uniceramic sal posted net losses of $1.68m in the first half of 2008 compared to losses of $1.35m in the same period last year. The company's net sales decreased by 50% to $4.9m in the first 6 months of 2008 compared to $9.8m in the same period last year. Uniceramic's total assets and total equity amounted to $37.4m and $16.9m respectively as at end-June 2008, compared to $40.8m and $18.6m as at end 2007. Uniceramic is listed on the Beirut Stock Exchange since May 1996. The company has been engaged in the production and sale of cement and other related services. Last November, Uniceramic announced it is shutting down its operations in Lebanon and laying off its remaining 200 employees. The decision came after the firm's inability to finance its new strategy that was approved by its general assembly in August. Last year, Uniceramic established a joint venture with the Bahrain-based Swicorp Intaj Capital, named Uniceramic Holding, to build production plants in Algeria and Qatar and diversify its markets.

Middle East Airlines to resume flights to Baghdad in June 2009

The Ministry of Public Works & Transportation signed a memorandum of understanding with its Iraqi counterpart on air transport between Lebanon and Iraq. The memorandum stipulated that national flag-carrier Middle East Airlines (MEA) will resume its flights to Baghdad in June 2009 and will have a monopoly to Iraqi cities that it will service. It will also offer at least 14 flights per week between the two countries. Iraqi authorities will grant MEA facilities related to fuel prices.

Bank of Sharjah sells 30% of its share in Emirates Lebanon Bank

The Board of Directors of Bank of Sharjah approved the sale of 30% of its shares in Emirates Lebanon Bank (ELB) to El Capital FZCO, one of the bank's subsidiaries. Following the transaction, Bank of Sharjah will still own 51% of the shares of ELB. Earlier this year, Bank of Sharjah recapitalized ELB by increasing its capital to $50m, in addition to a cash contribution of $100m, boosting total equity to $150m. Bank of Sharjah acquired Banque de la Bekaa from Fransabank sal in July 2007 for $25m and renamed it Emirates Lebanon Bank. The transaction represented Bank of Sharjah's first significant banking acquisition outside its home market. In turn, ELB acquired earlier this year the Lebanese operations of Banque Nationale de Paris Intercontinentale (BNPI). Bank of Sharjah plans to build its franchise throughout the Middle East and chose Lebanon as a platform for its future Levant operations.

Fitch downgrades CMA CGM, Moody's changes outlook to negative

Fitch Ratings downgraded the French-based and Lebanese-owned global shipping company CMA CGM SA's Long-term Issuer Default Rating (IDR) and its senior unsecured rating to 'BB+' from 'BBB-', respectively, as well as the company's Short-term IDR to 'B' from 'F3', and kept the outlook at 'negative'. It attributed the downgrade to a weakening of prospective coverage and leverage ratios, as the company's capital expenditure profile has changed with an increase in down payments for new vessels and further container investment in 2008. The agency said the majority of CMA CGM's $7bn vessel order book has been pre-financed through secured bank funding, tax and finance leasing, and securitization funding, but that $2bn remains to be financed by 2010. It noted the need to actively manage this risk without detrimentally affecting unsecured creditors, adding that CMA CGM's liquidity weakened in the third quarter of 2008. Fitch estimated the firm's cash and cash equivalents at about $1.8bn in 2008 and 2009, but expected committed bank facilities to be fully drawn over the same period.

The agency said the negative outlook reflects the deteriorating dynamics affecting CMA CGM's key Asia-Europe route, with the potential for fleet over-capacity, and increasingly difficult conditions in the container shipping industry. It noted that CMA CGM operates in an inherently cyclical sector characterized by periodic over-capacity, adding that risks include vulnerability to changing trade flows, potential freight and charter rate volatility, high operating leverage and exposure to oil price fluctuations. But Fitch acknowledged the ability of CMA CGM's management to partly mitigate the effect of such risks.

In parallel, Moody's Investors Service revised the outlook to 'negative' from 'stable' on CMA CGM's ratings. It attributed the change in outlook to increasing concerns about pressures on the company's credit profile from the current challenging environment. The agency said the firm is implementing measures that would reduce the negative pressure on its operating margins, but expressed concerns about the execution risk associated with the company's plan. Moody's added that the ratings are constrained by CMA CGM's credit metrics, which are expected to deteriorate over the coming years due to the company's ambitious capital investment program and potential negative pressure on the container shipping market.

Headquartered in Marseille, the privately-owned CMA CGM is the third-largest container shipping company in the world with 913,000 twenty-foot equivalent unit (TEU) capacity at end-2007. It has a global network of 81 main lines and 37 feeder lines, calling at 228 ports in 161 countries. It generated revenues of around $11.8bn in 2007.

Ratio Highlights

(in % unless specified)	2006	2007	Change*	Q3-2008
Nominal GDP*(1)* ($bn)	22.7	24.6		27.75
External Debt / GDP	89.9	86.4	(350)	77.4
Local Debt / GDP	88.1	84.6	(350)	87.3
Total Debt / GDP	178.4	171.0	(740)	164.7
Trade Balance / GDP	(31.3)	(36.6)	(530)	(33.2)
Exports / Imports	24.3	23.8	(50)	22.3
Budget Revenues / GDP	19.4	23.6	420	18.2
Budget Expenditures / GDP	30.8	33.9	310	25.4
Budget Balance / GDP	(11.5)	(10.3)	120	(7.2)
Primary Balance / GDP	0.4	2.9	250	2.1
BdL FX Reserves / M2	65.6	59.6	(600)	69.3
M3 / GDP	234.4	243.2	880	239.4
Bank Assets / GDP	327.2	334.4	720	330.6
Bank Deposits / GDP	267.4	273.5	610	270.7
Private Sector Loans / GDP	67.4	72.2	480	89.4
Dollarization of Deposits	76.2	77.3	110	72.0
Dollarization of Loans	84.0	84.3	30	87.2

** Change in basis points 06/07*
(1) Based on Ministry of Finance Estimations and the International Monetary Fund
Source: Association of Banks in Lebanon, Byblos Research Calculations
Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

Risk Outlook

Lebanon	Oct 2007	Sep 2008	Oct 2008	Change*	Risk Level
Political Risk Rating	56.0	57.5	57.5	▲	High
Financial Risk Rating	31.5	28.0	28.0	▼	High
Economic Risk Rating	29.0	30.0	30.0	▲	Moderate
Composite Risk Rating	58.2	57.7	57.7	▼	High

Regional Average	Oct 2007	Sep 2008	Oct 2008	Change*	Risk Level
Political Risk Rating	65.7	65.7	65.6	▼	Moderate
Financial Risk Rating	41.3	41.2	41.1	▼	Very Low
Economic Risk Rating	40.1	39.3	39.0	▼	Low
Composite Risk Rating	73.6	73.0	72.0	▼	Low

**year-on-year*
Source: The PRS Group, Byblos Research
Note: Political & Composite Risk Ratings range from 0 to 100 (where 100 indicates the lowest risk)
Financial & Economic Risk ratings range from 0 to 50 (where 50 indicates the lowest risk)

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's	B3	NP	Positive			
Fitch	B-	B	Stable	B-		
S&P	B-	C	Stable	B-	C	Stable
Capital Intelligence	B-	B	Stable	B-	B	Stable

Source: Rating agencies

Banking Ratings	Banks' Financial Strength	Banking Sector Risk	Outlook
Moody's	D-		Stable
EIU		B	Stable

Source: Rating agencies

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