The MENA Weekly Monitor

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ECONOMY

p.2 ▶ **FDI projected to dwindle in the Arab world in 2009**

The global financial turmoil will likely contract capital flow into the Arab World in 2009 for the first time in many years following a surge of more than 26% in 2008, according to the Inter-Arab Investment Guarantee Corporation (IAIGC).

Also in this issue:

p.2 ▶ A.T. Kearney highlights current restructuring in the GCC real estate sector
p.2 ▶ IATA reports a 13.2% increase in Middle East's air traffic activity in July 2009
p.3 ▶ IIF forecasts UAE's real GDP growth at -1.2% in 2009 and 3.2% in 2010
p.3 ▶ Dubai Chamber of Commerce suggests relative consumers' relief in the UAE

SURVEYS

p.4 ▶ **Nilson Report shows UAE dominating the MENA region in terms of general purpose card activity**

According to the recently issued Nilson Report covering general purpose cards i.e. credit, debit and prepaid cards in the Middle East and North Africa (MENA) region, UAE banks dominated their regional peers in terms of general purpose cards issued, with six banks making the list of the top 27 banks in the region.

CORPORATE NEWS

p.5 ▶ **Yahoo! buys Arabic portal Maktoob**

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Also in this issue:

p.5 ▶ STC to invest US$ 340 million in Bahrain
p.5 ▶ Ezz steel to invest US$ 475 million to boost output

MARKETS IN BRIEF

p.6 ▶ **Higher prices and lower volumes in Arabian equity markets**

Arabian equity markets closed 3.8% higher this week, as per MSCI Arabian Markets Index, outperforming global equity markets that grew by 1.2% week-on-week. However, the total trading value in the MENA region tumbled by 11.0% this week, according to Zawya Dow Jones, due to a 20.2% fall in the total traded volume, as the slow mood that usually accompanied the holy month of Ramadan started to sway over the Arab equity markets. The UAE's equity markets were the best performers in the GCC region during this week, moving up by 6.0%, while the total trading value retreated by 1.7%. Real estate stocks led the advance, as investors started to rerate real estate companies that were badly hit due to the global economic downturn, amid signs of a recovery. In Kuwait, the Kuwait Stock Exchange was the second best performer in the GCC region this week, moving up by 4.8% week-on-week, while the total trading value fell by 11.2%. In Saudi Arabia, the Tadawul increased by 3.3% week-on-week. However, the weekly trading value tumbled by 31.0% relative to the previous week due to lower traded volumes. In Qatar, the Doha Securities Market rose by 3.1% this week, while the total trading value dropped by 39.0%.

The MENA Weekly Monitor can be accessed via Internet at the following web address: http://www.banqueaudi.com

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FDI projected to dwindle in the Arab world in 2009

The global financial turmoil will likely depress capital flow into the Arab World in 2009 for the first time in many years despite a surge of more than 26% in 2008, according to the Inter-Arab Investment Guarantee Corporation (IAIGC). FDI flow into the Arab region is expected to decline due to several factors, including the slowdown or contraction in the economies of industrial nations, which have constituted a major source of FDI for Arab states over the past few years, said IAIGC.

Another factor is the possible continuation of turbulence in Arab and global markets as this will contribute to increasing uncertainty regarding investment decisions in the medium and long terms and to shelving of more regional projects in infrastructure, hydrocarbon, and real estate sectors.

The report said a sharp fall in oil export earnings of Gulf nations would also adversely affect their capital flow into other Arab League members, adding that inter-Arab investments are key components of FDI flow into regional states. It also expected a decline in foreign investment flow into oil and gas projects in some Arab countries in case of a prolonged global crisis. Indeed, the report showed the bulk of the increase in FDI flow into the region last year was in inter-Arab investments, which surged by about 64%.

This will naturally lead to a decline in investment projects, particularly those that had been planned to expand the crude output capacity. Many of such projects would probably be put on hold because of weak crude prices and the slackening global demand as a result of the crisis.

A.T. Kearney highlights current restructuring in the GCC real estate sector

A.T. Kearney, a leading global strategic consulting firm, in a recent study concluded that the awaited consolidation wave in the real estate industry in the GCC, and particularly the UAE, has started. Developers demonstrate that they are mindful of lessons learnt from past real estate cycles in other markets, where companies that survived have built strong differentiated capabilities and diversified across the value chain to stabilize sources of revenues.

Most regional markets have been confronted with strong oversupply - which peaked last year at over 100% in the high-end residential and commercial segments in some GCC countries. With most property developers being cash-strapped, and with banks restricting lending and homebuyers defaulting on payments, the primary aim of consolidation is to pool resources to enable firm to survive the downturn, as A.T. Kearney Middle East.

The stdy also noted that announced merger plans for Emaar and Dubai Holding; within Dubai Holding for Dubai Properties, Sama Dubai, Bawadi, Remraam and the Tiger Woods golf course; Barwa and Qatar Real Estate Investment Co; and consolidation of land from distressed developers into companies like Dubai Real Estate Corporation come as no surprise. However, planning for a merger is paramount to its success. Almost 70% of mergers fail, often due to such basics as lack of preparation, communication, unclear strategies or poor execution. Of those companies that do merge successfully only 29% achieve increased profitability. If developers are to merge, they need to ensure their company is on sound ground and research their prospective partner carefully before deciding this is the best solution.

According to A.T. Kearney, the main objective for a merger in the GCC region should not be size, which makes little sense in a quality-driven business like real estate development. The merged entities will have reinforced position on different parts of the value chain, but risks will also increase. This can be linked to a stronger focus on a risky market like Dubai, in addition to liquidity issues or "doubling" activities which will have to be rationalized. The report concluded that successful mergers can give leading Middle East players the critical mass and a competitive edge on the international scene, based on the regional market long-term potential and easier access to liquidity than most competitors worldwide.

IATA reports a 13.2% increase in Middle East's air traffic activity in July 2009

The International Air Transport Association (IATA) has reported the Middle East with a 13.2% increase in air traffic in July, while the global air traffic has declined by 2.9% compared to the same period last year. Indeed, The Middle East was the only region to grow in July. Furthermore, the 13.2% growth in July was slightly better than the 12.9% recorded in June. According to the IATA, this growth was fueled by increased capacity and greater market share in traffic between Europe and Asia.

This year-on-year growth in the Middle East's air traffic in July compares to a slowdown of 7.6% in air traffic of the Asia Pacific region, a hold back of 5.5% in Africa, a drawback of 3.5% in Latin America, and finally respective slowdowns of 3.2% and 3.1% in North America and Europe. This reiterates the fact that the Middle East region is withstanding the global economic crisis better than other regions across the globe.

IIF forecasts UAE's real GDP growth at -1.2% in 2009 and 3.2% in 2010

The Institute for International Finance (IIF) recently released a country report on the United Arab Emirates (UAE), in which it projected a real economic slowdown of

1.2% in the country in 2009, followed by a partial recovery in 2010, which should be translated into a real GDP growth of 3.4% during the said year.

It is worth noting that as per the IIF, the real slowdown in the UAE in 2009 would be fully due to a contraction in the hydrocarbon real GDP, which is set to decline by 7.0% during the year. As to the non-hydrocarbon real GDP, it is projected to grow by a trifling 0.5% during the year. 2010's partial recovery, on the other hand, is expected to be driven by a pick in both hydrocarbon real GDP and non-hydrocarbon real GDP, as the former's growth is forecasted at 3.0%, while the latter's growth is anticipated at 3.5%.

The report noted that as the UAE economy makes its way out of a mild recession caused by the global crisis, the key short-term challenge is to preserve financial stability while laying the basis for the resumption of sustained growth. Vulnerabilities remain in the corporate and banking sectors while real estate has undergone severe price corrections and construction has slumped as almost half of the large public or quasi-public sector projects have been cancelled or are on hold.

The policy response to recent challenges has been timely and substantial. Continued vigilance on the part of the UAE authorities will limit downside risks with the larger and wealthier Abu Dhabi successfully playing the role of the anchor of the UAE economy. Also, the public sector's close links with the private sector will continue to buffer the latter against additional external shocks.

After rapid growth in the past six years (an average annual growth of 9%) and a mild recession in 2009, the economy is expected to settle on a lower growth path, in the range of 3-4%, over the medium term. Hard hit by sharply tighter global liquidity, real GDP in Dubai is expected to contract by 3% this year, while Abu Dhabi's non oil sector growth will decelerate to 3.5%. The banking sector could hold a key to the speed of the recovery in 2010. Measures already taken by the authorities should be sufficient to maintain positive credit growth going forward, support consumption, and prevent the recession from becoming overly protracted. Finally, lower import prices, weaker domestic demand, and a decline in rents should bring average inflation down from12.3% in 2008 to around 1% in 2009.

UAE: Main economic indicators

	2007	2008e	2009f	2010f
Real GDP growth (%)	6.8	7	-1.2	3.4
Hydrocarbon real GDP growth (%)	0.3	4.9	-7	3
Nonhydrocarbon real GDP growth (%)	9	7.7	0.5	3.5
CPI (% growth)	11.1	12.3	1	2.5
Nominal GDP (US$ billion)	199	262	212	242
Merchandise exports (US$ billion)	179	239	177	208
Merchandise imports (US$ billion)	117	171	137	151
Current account balance (US$ billion)	36	35	8	21
Current account balance (% of GDP)	18	13	4	9
Fiscal balance (% of GDP)	23	22	8	11

Sources: IIF, Bank Audi's Research Department

Dubai Chamber of Commerce suggests relative consumers' relief in the UAE

The Dubai Chamber of Commerce released two studies reflecting consumers' relief towards the UAE economy. Indeed, the first one stresses on a rising confidence due to the spread of the economic recovery idea. The second study pointed out that the descent of Dubai property prices and rental costs relieved many residents and businesses.

The first mentioned report is based on data from a recent Nielsen Global Consumer Confidence index. A total of 87% from the surveyed consumers believe that the country is witnessing an economic recession of which 45% sense a survival from the crisis (13% increase compared to March 2009). Therefore, consumer confidence has risen to 93 index points in June 2009 compared to 89 in March 2009. In fact, 43% believe that the recession will end before the middle of 2010 due to positive economic news and growing optimism. As a result, the UAE is ranked the seventh most optimistic country in the survey. However, the latest consumer confidence results are still down from 110 points in the second half of 2008 as consumers feel the weight of job security of their spending habits.

The second study on rental prices shows a cut hovering between 20% and 30% since the beginning of 2009. This is resulted by a diminishing consumer demand and the entrance of new housing stock into the market. Therefore, such prices are increasingly meeting individuals and businesses financial means, considering it as an opportunity to relocate. The latter entities are forced to give up their properties at a lower price as their loss is compensated by a larger property at a decreased value. Plus, such price tendencies are increasingly driving residents to move out from shared occupations into single occupancy units. Tenants' flows have become noticeable from low-cost developments such as Sharjah and expenses rentals in Abu Dhabi due to limited housing stocks towards affordable locations in Dubai.

In addition, the drop of rental and property prices has improved business competitiveness as Dubai's exports rose in the second quarter of 2009. Overall, the UAE is on the right track to surpass poor performances especially in the real estate and banking sector in the first half of 2009. This is a viable pointer towards consumers viewing the UAE on the road to recuperation.

Nilson Report shows UAE dominating the MENA region in terms of general purpose card activity

According to the recently issued Nilson report covering general purpose cards i.e. credit, debit and prepaid cards in the Middle East and North Africa (MENA) region, UAE banks dominated their regional peers in terms of general purpose cards issued, with six banks making the list of the top 27 banks in the region, followed by Saudi Arabia with five banks, Kuwait and Egypt with four banks each; Morocco and Lebanon with two banks each, and Jordan and Oman with one bank each.

According to the report, the total value of such released cards, namely Visa, Mastercard, Amex, Maestro, Diners club, and JCB at end-2008 reached US$ 338.2 billion, distributed as follows: purchases volume represented US$ 130.7 billion and cash represented (advances and withdrawals) US$ 207.4 billion, both increasing respectively by 21.1% and 15.7% compared to 2007. Hence, cash and purchases correspondingly formed 61.3% and 38.7% of the dollar volume.

In details, Visa registered a total of US$ 262.7 billion escalating by 24.2% in purchases and 12.7% in cash. Then comes Master Card with US$ 69.4 billion, rising by 17.7% in purchases and 42.7% in cash. Amex was third with US$ 4.0 billion expanding by 9.2% in purchases and declining by 4.3% in cash. Finally, Diners Club recorded USD 2.00 billion, with a variation of 3.1% in purchases and -1.5% in cash. As for market shares, Visa absorbed 61.8% (60.3% at end-2007) mainly due to an extra US$ 139.3 million in purchase transactions. Master Card satisfied 37.3% (38.7% at end-2007) after growing by US$ 52.4 million in purchase transaction. Amex and Diners accounted for 0.6% and 0.3% (0.7% and 0.3% at end-2007).

Top 20 MENA General Purpose Card Issuers (2008)

Issuer, Country	Total Volume ranking	Total Vol. (US$ million)	Cards (000)
Al Rajhi Bank, KSA	1	37,822	3,521
Riyad Bank, KSA	2	19,759	1,200
National Bank of Kuwait, Kuwait	3	11,081	691
Samba Financial, KSA	4	9,836	1,326
Arab National Bank, KSA	5	9,639	971
Emirates NBD, UAE	6	8,560	1,320
Kuwait Finance House, Kuwait	7	7,848	731
SABB, KSA	8	7,558	1,208
Mashreq Bank, UAE	9	4,133	903
Gulf Bank, Kuwait	10	3,811	281
Abu Dhabi Commercial Bank, UAE	11	3,754	458
Commercial Bank of Kuwait, Kuwait	12	3,705	746
Banque Centrale Populaire, Morocco	13	3,588	1,293
Qatar National Bank, Qatar	14	2,521	185
BMCE Bank, Morocco	15	2,419	659
National Bank of Egypt, Egypt	16	2,373	3,349
Bank Audi, Lebanon	17	1,795	364
Attijariwafa Bank, Morocco	18	1,434	628
Nat'l Bank Abu Dhabi, UAE	19	1,424	301
Commercial Int'l Bank, Egypt	20	1,397	669

Sources: Nilson Report, Bank Audi's Research Department

In terms of individual banks, the top 5 in the region were: Al Rajhi bank (KSA) with a total usage of general purpose cards amounting to US$ 37,821.9 million, then Riyad Bank (KSA) with US$ 19,758.6 million, National Bank of Kuwait (Kuwait) with US$ 11,081.2 million, Samba Financial (KSA) with US$ 9,835.9 million, and Arab National Bank (KSA) with US$ 9,638.6 million.

The aforementioned Saudi Arabian banks were naturally the top 4 locally while SABB came in fifth in Saudi Arabia with US$ 7,558.2 million. In the UAE, the country with the lion's share of banks in the list, Emirates NBD ranked first with US$ 9,638.6 million, followed by Mashreq Bank with US$ 4,133.2 million, Abu Dhabi Commercial Bank with US$ 3,753.5 million, National Bank of Abu Dhabi with US$ 1,434.3 million and Dubai Islamic Bank with US$ 943.8 million.

In Kuwait, the top 3 banks were, National Bank of Kuwait wit US$ 11081.2 million, Kuwait Finance House with US$ 7,847.5 million and Gulf Bank with US$ 3,810.6 million. As for the top 3 Egyptian Banks, they were National Bank of Egypt with US$ 2,373.3 million, then the Commercial International Bank with US$ 1,397.1 million and Banque Misr with US$ 504.6 million.

In Lebanon, Bank Audi ranked first in terms of general purpose cards issued with an amount of US$ 1,794.7 million followed by Credit Libanais with US$ 929.2 million. Bank Audi ranked 16th regionally in terms of total general purpose cards whereas Credit Libanais came in 22nd regionally. It is worth noting that in terms of credit cards issued, Bank Audi held the 6th position amongst MENA banks noting that it is the only Lebanese bank that was classified in the top banks in terms of credit cards issued.

In Morocco, BMCE Bank came in first with US$ 2,418.9 million, followed by Attijariwafa with a total of US$ 1,434.3 million. Jordan's Housing Bank of Trade and Finance was the top bank in the country with a total volume of US$ 1112.1 million. Lastly, the top bank in Oman was Bank of Dohfar with US$ 777.5 million.

The Nilson report is the world's leading source of news and research covering the Credit Card industry and payment systems worldwide. Published twice a month since 1970, it is the most respected and widely read trade journal among senior level executives in the payment card industry.

CORPORATE NEWS

Yahoo! buys Arabic portal Maktoob

Yahoo! Inc., the Internet heavyweight and search engine pioneer, is making a large step into the Middle East's online market with an agreement to buy Maktoob.com, one of the Arab world's most popular Web portals.

Jordan-based Maktoob.com will become a wholly-owned subsidiary of Yahoo! under the deal, set to be completed early in this year's fourth quarter.

Arabic versions of services by US Internet giant Yahoo!, such as Yahoo!'s messenger, search engine, front page and Yahoo! mail, would be activated in early 2010, according to company sources.

Maktoob is part of Yahoo!'s broader strategy to expand into underdeveloped good potential markets. The US company already has operations in India, Southeast Asia and Latin America. According to company sources, Yahoo! would target the entire Arab region from North Africa to the GCC region but focus initially on the UAE, Saudi Arabia, Egypt, Jordan and Kuwait.

Founded in 2000, Maktoob is one of the largest portals in the Arab world. It owns on-line auction, search, entertainment and matrimonial web sites and sells on-line payment cards. Upon completion of the deal later this year, the remaining Maktoob Group companies including Souq.com, cashU.com, Araby.com, and Tahadi.com will operate under a new entity called Jabbar Internet Group.

Yahoo! Inc. (Yahoo!), incorporated in 1995, is a global Internet brand. Yahoo! provides an array of Web services and application programming interfaces (APIs), technical resources, tools, and channels to market. The majority of its offerings are available in more than 20 languages.

STC to invest US$ 340 million in Bahrain

Saudi Telecom company (STC), one of the region's leading mobile operators, acquired Bahrain's third mobile network operating license for US$ 240 million. In addition, STC will invest US$ 100 million on infrastructure development.

STC is working on deploying its network to be able to launch by the end of 2009 or early 2010, according to Bahrain's Telecommunications Regulatory Authority officials.

Established in 1998, STC is one of the leading telecom operators in Saudi Arabia. STC provides a range of services including mobile, fixed local and international telecommunications services, data transmission, leased lines, public telecom, and radio paging services. STC's network of businesses and investments currently spans across Saudi Arabia, Kuwait, India, Indonesia, Malaysia, Turkey and South Africa.

Saudi Telecom's net profits reached US$ 1.5 billion in the first half of 2009, against US$ 1.8 billion in the first half of 2008. Gross operating revenues amounted to US$ 6.6 billion in the first half of 2009, up by 14.7% from the corresponding period of the previous year. Also, STC's shareholders equity rose by 3.2% over the first half of 2009 to US$ 10.5 billion at end-June 2009. Assets likewise registered a 5.1% increase to total US$ 27.9 billion.

Ezz steel to invest US$ 475 million to boost output

Egypt's largest steel producer Ezz Steel said it was investing US$ 475 million to set up a new billet production line and a direct reduced iron (DRI) plant.

The firm will invest US$ 75 million in a new billet production line to be located at its flat steel plant in Suez, east of Cairo, and US$ 400 million in a new facility to make DRI also in Suez, according to company sources.

The new billet line is set to produce 1.2 million tons of billet a year and would start up in the first quarter of 2010, while the DRI plant will have a capacity of 1.8 million tons a year and is set to start in the second half of 2011.

Ezz Steel a large producer of steel in the MENA region. The company produces long and flat products at its manufacturing facilities located in the port cities of Alexandria and Suez and in Sadat City and 10th of Ramadan City.

The company is engaged in the business of steel manufacturing through four operating facilities: its plant at Sadat City which produces long products; Al Ezz Dekheila Steel Co.-Alexandria S.A.E, owned 53.2% by Ezz Steel, which produces long and flat products, Al Ezz Steel Mills S.A.E. (ESM), owned 90.7% by Ezz Steel, produces long products, and Al Ezz Flat Steel S.A.E. (EFS), owned 75.2% by Ezz Steel, which produces flat products.

CAPITAL MARKETS

Arab equity markets up by 3.8%, outperforming global equity markets

Arabian equity markets closed 3.8% higher this week, as per MSCI Arabian Markets Index, outperforming global equity markets that grew by 1.2% week-on-week. However, the total trading value in the MENA region tumbled by 11.0% this week, according to Zawya Dow Jones, due to a 20.2% fall in the total traded volume, as the slow mood that usually accompanied the holy month of Ramadan started to sway over the Arab equity markets.

The UAE's equity markets were the best performers in the GCC region during this week, moving up by 6.0%, while the total trading value retreated by 1.7%. Real estate stocks led the advance, as investors started to rerate real estate companies that were badly hit due to the global economic downturn, amid signs of a recovery. According to Deutsche Bank, the UAE developers under coverage look cheap from a global perspective. The top picks, according to the same source, remain Emaar and RAK properties while the least favored stock is Sorouh, mainly on valuation grounds. UAE developers are exposed to the availability of mortgage and project financing, population growth, MENA economic conditions and consumer confidence, which drive the real estate market. Within this context, Emaar properties' share price rose by 9.9% this week to close at AED 3.32. RAK Properties moved up by 4.2% to AED 0.74. Sorouh real estate moved up by 8.7% to close at AED 3.11. Aldar Properties added 12.2% this week to end at AED 4.77 . In addition, Arabtec Holding was up by 9.0% to reach AED 2.92 after the company's construction unit said Monday it has signed a AED 687 million contract with Saudi Arabia's Ishraqah to build its Dubai Onyx Towers, noting that Al Mal Capital maintained an outperform rating for Arabtec with a target price of AED 3.38. On the other hand, DP world surged by 11.1% week-on-week to reach US$ 0.40 after announcing better-than-expected first half results, noting that Deutsche Bank reinstates coverage of DP World with a buy rating and a target price of US$ 0.57.

In Kuwait, the Kuwait Stock Exchange was the second best performer in the GCC region this week, moving up by 4.8% week-on-week, while the total trading value fell by 11.2% relative to the previous week. Zain extended gains this week, moving up by 7.3% to reach KWD 1.48, after the company called for a shareholders meeting on August 31, 2009 to amend company rules that will remove ownership restrictions, which is assumed to pave the way for the sale of a stake in its African operations. Within this context, it is worth mentioning that the speculation on Zain led to a 47% surge in its share price since early July. On the other hand, Agility was among the most active stocks this week, yet its share price remained unchanged, standing at KWD 1.24. The company announced recently that it is in talks to sell its holding in Iraq's Korek Telecom. As far as the banking stocks are concerned, Moody's downgraded Burgan Bank, Gulf Bank and National Bank of Kuwait citing weakening credit conditions in Kuwait over the past 12 months. The Kuwait Stock Exchange is the most expensive in the region, trading at P/E of 16.7, compared to pan-GCC P/E of 13.1.

In Saudi Arabia, the Tadawul moved up by 3.3% week-on-week. However, the weekly trading value tumbled by 31.0% relative to the previous week due to lower traded volumes, which underscores the slow mood that usually sways over the stock market during Ramadan. Sabic was up by 6.4% week-on-week to reach SAR 71.00. On the other hand, the Standard Chartered Bank started coverage of the Saudi banking system with a stable outlook. It said a supportive framework and strong fundamentals will enable banks to

CAPITAL MARKETS INDICATORS

Market	Price Index	Week-on-week	Year-to-date	Trading Value	Week-on-week	Volume Traded	Market Capitalization	Turnover ratio	P/E	P/BV
Lebanon	130.4	0.1%	14.8%	11.1	27.0%	0.5	10,654.8	5.4%	9.6	1.39
Jordan	148.8	2.4%	-8.4%	131.7	14.7%	79.2	32,119.6	21.3%	13.9	1.87
Egypt	827.9	6.1%	39.9%	1,318.2	15.1%	540.5	84,330.6	81.3%	11.0	2.03
Saudi Arabia	362.7	3.3%	24.4%	3,673.5	-31.0%	448.3	297,904.8	64.1%	14.8	1.91
Qatar	604.1	3.1%	-0.7%	245.8	-39.0%	27.7	81,445.3	15.7%	11.0	2.08
UAE	234.5	6.0%	36.4%	949.1	-1.7%	1,810.0	139,517.9	35.4%	10.8	1.16
Oman	838.2	1.7%	19.6%	150.2	62.9%	156.0	17,260.9	45.2%	11.5	1.86
Bahrain	386.0	1.5%	-25.3%	8.1	114.2%	14.7	17,015.1	2.5%	8.1	1.11
Kuwait	716.1	4.8%	15.4%	1,822.9	-11.2%	1,672.0	115,308.2	82.2%	16.7	1.67
Morocco	455.7	0.9%	0.5%	105.7	48.8%	1.9	67,395.2	8.2%	18.6	3.86
Tunisia	1,108.6	0.3%	21.2%	-	-	2.0	8,562.1	-	-	-
Arabian Markets	**483.2**	**3.8%**	**20.4%**	**8,416.4**	**-17.3%**	**4,750.8**	**862,952.4**	**50.7%**	**13.1**	**1.76**

Values in US$ million; volumes in millions

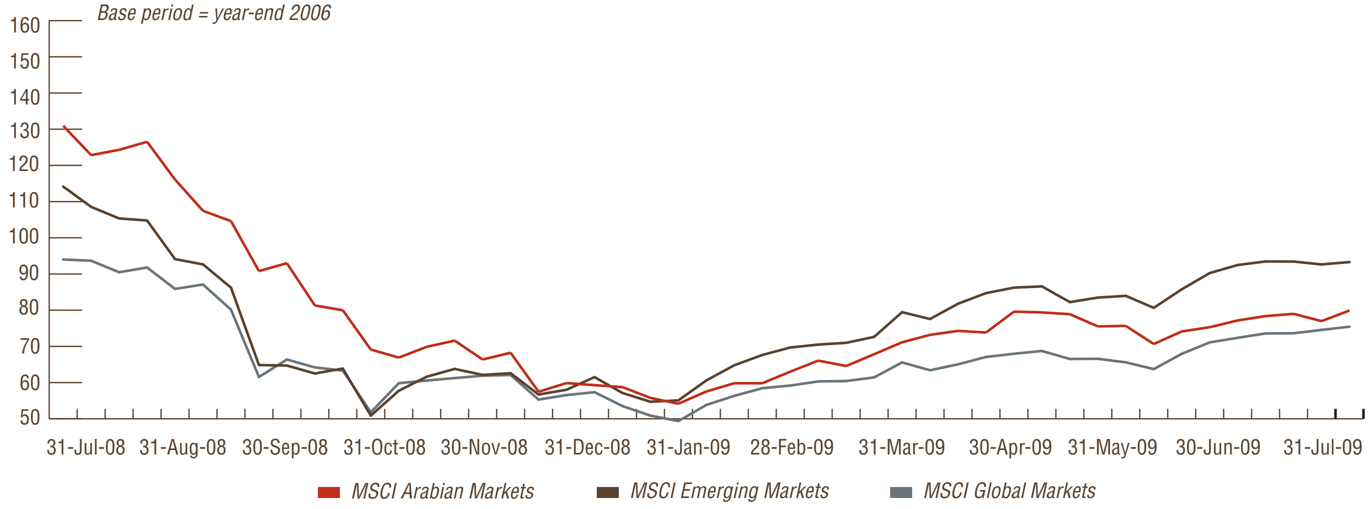
Sources: MSCI Barra, Zawya Investor, Bank Audi's Research Department

NB: Tunisia's figures are not all available yet, and have therefore been excluded from aggregate Arabian Markets figures weather the downturn. In the short-term, there is potential for significant noise, according to the same source, due to the banks' exposure to the Saad and Al-Ghosaibi groups, but the exposure is manageable. Al Rajhi Bank closed 3.4% higher to reach SAR 67.75.

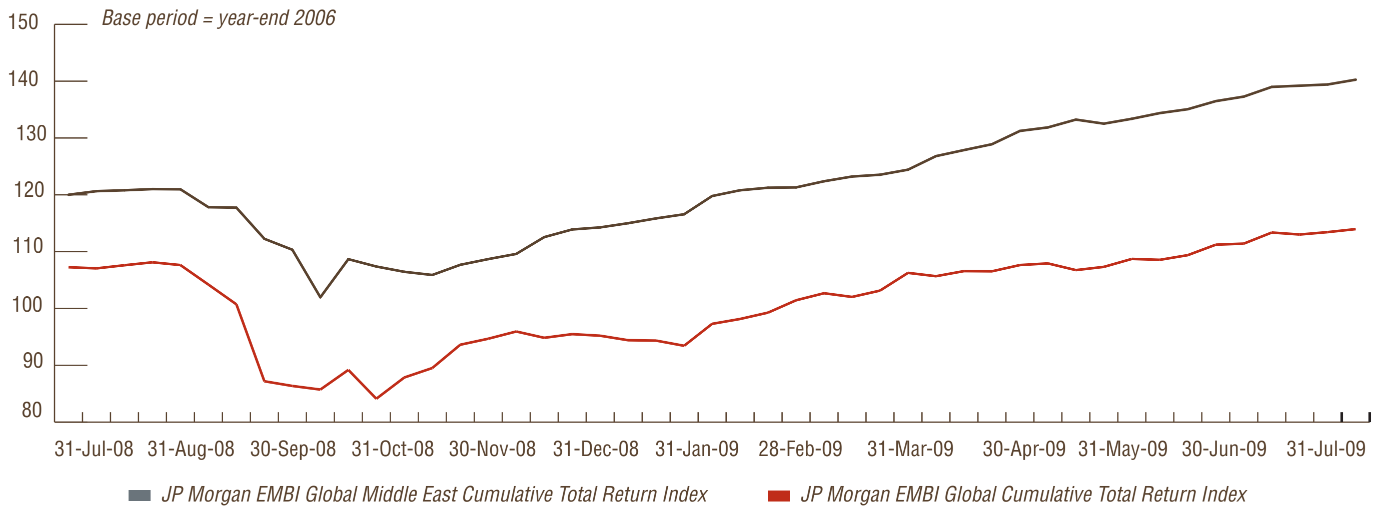
In Qatar, the Doha Securities Market rose by 3.1% this week, while the total trading value dropped by 39.0%. Industrial and banking stocks led the advance. Industries Qatar gained 5.9% to close at QAR 105.60. On the other hand, Qatar Telecom closed 2.4% higher this week, reaching QAR 141.60. It is worth mentioning that Credit Suisse reinstates coverage of Qatar Telecom with an outperform rating and a target price of QAR 200. Credit Suisse saw scope for Qtel to beat forecasts if economic growth in Qatar continues to surprise on the upside. In addition, Barwa real estate was among the most active stocks this week after saying it has increased its capital in Kuwait's Al imtiaz investment to 24.5%. Al in all, the market was up by about 60% since early March as investors tracked buoyant oil prices and because of the government initiatives to support the economy.

Outside the Gulf region, the Egyptian exchange surged by 6.1% this week, and the total trading value rose by 15.1% relative to the previous week. Orascom Telecom moved up by 0.5% to close at EGP 36.99, noting that CI Capital Research put a strong buy recommendation on OT with a target price of EGP 45.

Equity Markets Performance: Arab Markets v/s Benchmarks



Fixed Income Markets Performance: Arab Markets v/s Benchmarks



SOVEREIGN RATINGS

	Standard & Poor's	Moody's	Fitch	EIU
LEVANT				
Lebanon	B-/Stable/C	B2/Stable	B-/Stable/B	CCC/Stable
Syria	NR	NR	NR	CCC/Stable
Jordan	BB/Stable/B	Ba2/Stable	NR	CCC/Stable
Egypt	BB+/Stable/B	Ba1/Stable	BB+/Stable/B	BB/Stable
Iraq	NR	NR	NR	CC/Stable
GULF				
Saudi Arabia	AA-/Stable/A-1+	A1/Positive	AA-/Stable/F1+	BBB/Stable
UAE	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+	BB/Stable
Qatar	AA-/Stable/A-1+	Aa2/Stable	NR	A/Stable
Kuwait	AA-/Stable/A-1+	Aa2/Negative	AA/Stable/F1+	A/Stable
Bahrain	A/Stable/A-1	A2/Negative	A/Stable/F1	BBB/Stable
Oman	A/Stable/A-1	A2/Stable	NR	A/Stable
Yemen	NR	NR	NR	CCC/Negative
NORTH AFRICA				
Algeria	NR	NR	NR	BBB/Stable
Morocco	BB+/Stable/B	Ba1/Stable	BBB-/Stable/F3	BB/Stable
Tunisia	BBB/Stable/A-3	Baa2/Stable	BBB/Stable/F2	BB/Stable
Libya	A-/Stable/A-2	NR	BBB+/Stable/F2	BB/Stable
Sudan	NR	NR	NR	C/Stable

NR = Not Rated

INTERNATIONAL MARKET RATES

	28-Aug-09	21-Aug-09	Dec-08	Weekly Change	Year-to-date
US Prime Rate	3.25%	3.25%	3.25%	0.00%	0.00%
3-M Libor	0.35%	0.38%	1.43%	-0.04%	-1.08%
US Discount Rate	0.50%	0.50%	0.50%	0.00%	0.00%
US 10-year bond	3.45%	3.56%	2.22%	-0.11%	1.22%

FX RATES (per US$)

	28-Aug-09	21-Aug-09	Dec-08	Weekly Change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,500.00	1,499.00	1,507.50	0.1%	-0.5%
Syrian Pound (SYP)	46.15	46.25	46.45	-0.2%	-0.6%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	5.53	5.54	5.49	-0.3%	0.7%
Iraqi Dinar (IQD)	1,150.00	1,150.05	1,155.00	0.0%	-0.4%
GULF					
Saudi Riyal (SAR)	3.75	3.75	3.75	0.0%	0.0%
UAE Dirham (AED)	3.67	3.67	3.67	0.0%	0.0%
Qatari Riyal (QAR)	3.64	3.64	3.64	0.0%	0.0%
Kuwaiti Dinar (KWD)	0.29	0.29	0.28	-0.2%	3.6%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.39	0.38	0.38	0.0%	0.0%
Yemeni Riyal (YER)	200.70	200.70	199.55	0.0%	0.6%
NORTH AFRICA					
Algerian Dinar (DZD)	72.21	71.38	69.44	1.2%	4.0%
Moroccan Dirham (MAD)	7.91	7.88	8.01	0.3%	-1.3%
Tunisian Dinar (TND)	1.32	1.32	1.31	0.5%	1.0%
Libyan Dinar (LYD)	1.23	1.24	1.24	-0.4%	-0.8%
Sudanese Pound (SDG)	2.46	2.47	2.20	-0.6%	11.7%

COMMODITIES (in US$)

	28-Aug-09	21-Aug-09	Dec-08	Weekly Change	Year-to-date
Crude oil barrel (Brent)	72.6	73.9	39.8	-1.8%	82.2%
Gold ounce	955.0	953.4	878.2	0.2%	8.7%
Silver ounce	14.7	14.2	11.3	4.2%	30.4%
Platinum ounce	1,244.0	1,253.5	924.5	-0.8%	34.6%

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