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ECONOMY

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SURVEYS

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CORPORATE NEWS

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MARKETS IN BRIEF

Arabian equity markets moved down by 1.2% this week, according to MSCI Arabian Markets Index, tracking a 1.5% decline in global equity markets as per MSCI All Countries World Index. Another factor added to the negative mood this week, namely the falling oil prices that hovered around US$ 65 per barrel ahead of the OPEC meeting next week. In Saudi Arabia, the Tadawul was the worst performer during this week, moving down by 1.9%, led by declines in oil prices and global equities, noting that the Saudi market continued to witness dwindling volumes. Likewise, the Bahrain Stock Exchange fell by 1.9% this week, with banks and investment firms topping the losers list. Elsewhere in the Gulf, the UAE equity markets reported a positive performance during this week, rising by 1.8%, led by real estate and telecommunication firms. In Qatar, the Doha Securities Market closed 2.3% higher, supported by Telecommunication shares. In Oman, the Muscat Securities Market moved up by 1.5% this week, with the banking and service sector stocks leading the advance.

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NCB sees non-hydrocarbon real GDP growth preventing economic contraction in the GCC

The Gulf economies are expected to decline only slightly in 2009 as an expansion in their non-oil sector will offset a steep fall in their crude output thanks to rescue plans, as per a recent study by the National Commercial Bank (NCB).

While the oil sector of the six-nation Gulf Co-operation Council (GCC) is projected to dip by at least 10% on account of a cut of nearly 1.8 million barrels per day in their crude supplies, the real GDP of some members is forecast to edge down by just below 2% while that of others could still grow despite the global financial distress.

Analysts at the bank said they saw no real decline in the GCC economy this year on the grounds the hydrocarbon industry will be the only major sector to record a contraction because of a reduction of about 12% in crude output and an expected drop of at least US$ 35 a barrel in average oil prices.

The oil sector will be the main sector that will drive the GDP down, but this will be partly offset by growth in most other spheres, as per analysts at NCB. As to growth in the non-oil sector, it will be mainly a result of high public spending and capital investment in Saudi Arabia and other GCC states. The measures taken by these governments have largely paid off in terms of lower decline in the economy and easing the impact of the global financial crisis.

IAIGC annual report shows historical inflation peaks in Arab Countries

Arab countries saw the highest inflation rates in the world in 2008 as a result of a rise in prices and strong domestic demand because of an economic upsurge, according to official data. From around 7.7% in 2007, the combined Arab inflation rate climbed to a record high of 10.1% in 2008, said the Kuwaiti-based Inter-Arab Investment Guarantee Corporation (IAIGC) in its annual report.

But the report expected the rate to shrink in 2009 due to the economic slowdown, mainly in the Gulf, coupled with a fall in global prices and other factors. It is worth noting that the inflation rate last year far surpassed the inflation of 3.4% in the industrial nations and the 9.3% in emerging and developing economies.

The surge last year was caused by a sharp increase in global fuel and food prices, the report added, along with an upswing in domestic demand due to high oil prices and expansionary fiscal policies in the region, and a large rise in private investment.

Inflation in the Arab World is expected to recede this year mainly because of a decline in the prices of basic commodities, lower rents and a slowdown in the economies of many members, said IAIGC. A breakdown showed Egypt had the highest inflation rate of 18.3% in 2008. Qatar, one of the fastest growing economies, had a rate of 15.0%, while inflation was 14.5% in Syria, 14.3% in Sudan, 14.0% in Jordan, and 12.6% in Oman.

The report, citing estimates by the IMF, also put inflation in the UAE at 11.5%, 10.8% in Kuwait and Lebanon, 10.4% in Libya, 10% in Yemen and 9.9% in Saudi Arabia.

Inflation rates (%) in key economies

	2007	2008
Egypt	9.5	18.3
Qatar	13.8	15.0
Oman	5.9	12.6
UAE	11.1	11.5
Kuwait	5.5	10.8
Lebanon	4.1	10.8
KSA	4.1	9.9

Sources: IAIGC, IMF, Bank Audi's Research Department

IMF forecasts Saudi Arabia's non-oil real GDP to grow by 3.3% in 2009

In Saudi Arabia, the largest GCC member and the world's top oil exporter, the non-oil economy is projected this year to maintain growth it has recorded over the past few years because of high government expenditure. Forecasts by the IMF showed the kingdom's real GDP could slip by about 0.9% this year, but its non-oil economy will likely expand by about 3.3%.

The fund said growth would be a result of the strong actions taken by the government, including cutting interest rates, injecting liquidity into the financial system and approving a record budget. Monetary policy contended with rising inflation in the first half of 2008 and the fallout from the intensification of the global crisis in the second half. The authorities responded forcefully by lowering reserve requirements, cutting policy rates, and providing liquidity and deposit guarantees.

Still, the IMF noted that the outlook remains broadly positive. Non-oil GDP growth, the appropriate measure of job-creating economic activity in oil-exporting countries, is projected to grow by 3.3% in 2009 supported by an expansionary fiscal stance. However, lower oil production would lead to a contraction in overall GDP of almost 1% for the first time since 1999.

The figures showed real oil GDP would plunge by nearly 10.3% as the kingdom is expected to trim crude production by at least one million barrels per day to about eight million bpd from more than nine million bpd in 2008. The voluntary reduction is in line with a collective OPEC agreement to cut oil supplies by about 4.2 million bpd to keep crude prices firm.

In nominal terms, Saudi Arabia's GDP is projected by the IMF to tumble by nearly 19.6% in 2009 after surging by 22.0% in 2008 because of the plunge in oil prices, which are forecast to average about US$ 55 a barrel this year compared to a record average of US$ 95 in 2008.

In a bid to mitigate the effects of the global crisis, Saudi Arabia approved record spending for 2009 and analysts expect actual expenditure to climb further through the year. Government spending will be the main driver of non-oil growth this year through the high budgeted capital spending and indirect incentives to the non-oil sector. In conclusion, the kingdom's enormous foreign assets and its low public debt will allow it to push its way out of the global financial crisis.

Colliers International expects housing prices in Dubai to stabilize by the last quarter of 2009

House prices in Dubai's battered property market are likely to stabilize by the fourth quarter of 2009, reflecting improving sentiment in global property markets, Colliers International said last week. Prices in the Gulf emirate fell 9% in the second quarter from the previous one, noting that the pace of decline has slowed down.

In contrast, prices in the once-booming real estate sector fell 41% from the first quarter of 2009 relative to the last quarter of 2008. When compared to the second quarter of 2008, prices fell 48% in the second quarter of this year, putting property prices back at the same levels as the second quarter of 2007. Prices are off 50% from their peak in the third quarter of last year.

Furthermore, the report indicated that in Dubai, any pick-up in prices in 2010 would depend on easier access to mortgages and loans and the delivery time frame for new supply to the market. Dubai is expected to be oversupplied by 32,000 new homes in 2010, according to Deutsche Bank figures.

Better than expected external sector results in Egypt

According to a report published by Capital Intelligence Credit Rating (CICR), Egypt posted results higher than what was previously anticipated. According to the article, the current account deficit recorded a US$ 4.4 billion as per the Central Bank of Egypt (CBE) versus US$ 5 billion as indicated earlier by CICR. Though foreign direct investment (FDI) were 39% lower than FY07/08, they highly surpassed expectations by a variance of 27% to record US$ 8.1 billion in FY08/09. Throughout the fiscal year, 4Q08/09 marked the first year-on-year growth of 45% in FDI inflows, highlighting investors' confidence in Egypt's potential.

Amid the financial crisis, Egypt's balance of payments shifted towards a deficit of US$ 3.4 billion in FY08/09 mainly caused by the current account deficit in addition to the lower surplus of the capital and financial account (US$ 1.4 billion in FY08/09 versus US$ 7.6 billion in FY07/08).

A tightening global demand along with dropping oil price drifted Egypt towards lower exports reaching US$ 25.2 billion, 10% lower than CICR estimations and 14.3% below FY07/08. However, compared to the third quarter of FY08/09, exports' growth increased from 4.1% to 4.5% in the fourth quarter.

As for the trade deficit, it dropped to US$ 25.2 billion as shown by the CBE, owed to a 4.6% decrease of imports. However, in 4Q08/09 imports reflected improved performance, rising by 10.2% Q-o-Q compared to a 19.4% drop in 3Q08/09. Imports' shift to a positive growth highlights the resilient domestic demand and growing investments.

As to Suez Canal receipts, they were almost in line with projections. Reduced global demand and increasing piracy acts dropped Suez Canal receipts to US$ 4.7 billion in FY08/09 versus US$ 5.2 billion in FY07/08 and CICR previous estimates of US$ 4.8 billion. However, 4Q08/09 started to show signs of recovery with a Q-o-Q growth of 8.8% compared to a drop of 23.8% in 3Q08/09. Lastly, the drop in tourism receipts was better than CICR expectations. 4Q08/09 brought a better performance in tourism receipts, registering a y-o-y drop of 1.6%, compared to a drop of 17.2% in 3Q08/09. Moreover, the 11% Q-o-Q drop in 3Q08/09 shifted to a 17% growth in the fourth quarter. Such shift indicates an improved tourism performance on the back of the weakened Egyptian pound against other major currencies. Tourism receipts reached US$ 10.5 billion, above CICR's estimates of US$ 9.6 billion in FY08/09.

FY 08/09 external sector performance (US$ billion)

	FY 07/08	FY 08/09	FY 08/09 YoYGR
Trade Balance	-23.4	-25.2	7.5%
Exports	29.4	25.2	-14.3%
Imports	52.8	50.3	-4.6%
Services Receipts	-8.4	-12.7	50.0%
Suez Canal	5.2	4.7	-8.4%
Tourism	10.8	10.5	-3.1%
Transfers	9.3	8.2	-11.7%
Current Account	0.9	-4.4	-598.1%
FDI	13.2	8.1	-38.7%

Source: CBE, CICR, Bank Audi's Research Department

SURVEYS

EFG Hermes forecasts the highest deflation rate for Qatar among GCC peers, followed by the UAE

In a recent note released on GCC economics, EFG Hermes focused on inflation in the region and indicated that the issue is no longer a policy challenge for GCC countries. After being a crucial policy conundrum and economic concern in 2008, inflation levels have fallen sharply in the GCC in 2009. Thus, EFG Hermes currently forecasts two different trends in the region, with some countries expected to see sharp disinflation and others seeing deflation. The main reason for the variance in inflation outlook will be domestic factors, namely the housing component.

In details, the highest deflation is forecasted in Qatar, as in the second quarter of 2009, the country saw a deflation of 2.9% year-on-year. UAE, on the other hand, would probably see the second highest level of deflation during the year, noting that year-on-year deflation in the country up until end-June 2009 was at 0.03%.

The UAE and Qatar will see the greatest reversal in inflation trends, from the highest regional inflation rates in 2007 and 2008 to deflation in 2009. In Qatar, the fall in the rental prices are mostly due to a marked increase in housing supply entering the market in 2009. In the UAE, it will be a result of both the correction in the property sector along with the increased supply in housing. Inflation surged earlier in these countries as they were the first to embark on their investment programs resulting in a large influx of population and an acute shortage of housing along with other non-tradable services. In the case of the UAE, inflation was initially driven by Dubai, but then picked up in the other Emirates with an overspill from the Dubai population as they embarked on their investment drives. Moreover, in both the UAE and Qatar higher domestic spending and looser monetary policy (negative interest rates in real terms) led to an acceleration in money supply growth, which added to inflationary pressure. Inflation surged to 15.2% in Qatar in 2008 and 12.3% in the UAE.

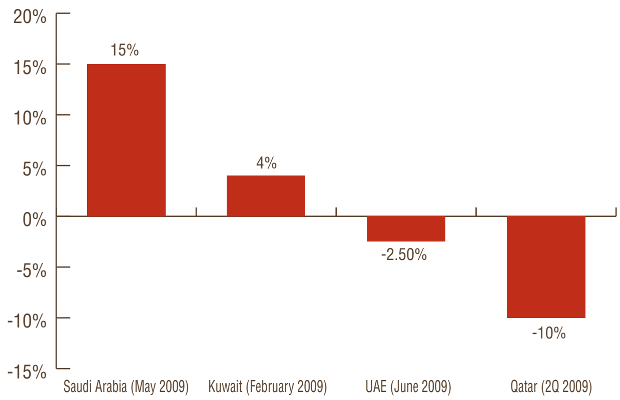
As for Saudi Arabia and Kuwait, both countries are likely to see positive inflation rates, although slowing sharply, with rental price growth decelerating but not contracting. Both will continue to have higher inflation levels than their historical averages. EFG Hermes is forecasting an inflation rate of 4.8% in Saudi Arabia and 4.3% in Kuwait for 2009. Again, Saudi Arabia and Kuwait have different economic outlooks with Kuwait forecasted to see a contraction in non-oil GDP growth, while Saudi Arabia continues to have a solid outlook supported by government spending.

Overall, EFG Hermes expects the downward pressure on prices to provide a key support to private consumption in 2009 in the region. One exception to this is Dubai, due to its large exposure to the property sector. The fall in rental prices is also positive for the international competitiveness of GCC countries, especially for the UAE and Qatar who have seen double digit inflation for years.

As to external drivers of inflation in the region, EFG Hermes forecasts that external developments will add to the downward pressure on prices in 2009. Food prices would likely fall in the region in line with global developments, while imported inflation is moderating with the overall strengthening of the US Dollar from 2008 levels and weaker inflation rates in exporting countries to the GCC.

Lastly, the study noted that the sharp fall in the inflation rate has allowed GCC governments to loosen monetary policy to support growth. It has also enabled regional governments to prioritize much needed capital spending on infrastructure and investment needs, noting that this shift to capital spending is more positive than current spending.

Latest official y-o-y changes in rental prices



Sources: EFG Hermes, Bank Audi's Research Department

Emirates Business survey shows resumed hiring in UAE companies

Companies in the UAE, which for the most part had put on hold all recruitment in the face of the economic crisis, have started hiring again. An exclusive survey conducted by Emirates Business over the past one week queried 24 top officials of leading recruitment agencies in the country.

The results showed that a majority were of the view that companies have started selectively hiring for the long term, in preparation for a measured recovery in 2010. Majority of the respondents in the survey believe that the UAE has seen a bottoming in terms of overall economy. In fact, 75% of participants in the survey said that the worst is over and the UAE is exiting the crisis. However, 25% said it will take some time before the economy is actually out of the woods. Also, 12.5% said that this was not the case, as they had not witnessed any marked increase in recruitment activity in the country.

Dubai Banking Group acquires 48.4% stake in Shuaa Capital

Dubai Banking Group, a company owned by Dubai's Ruler, took control of the UAE's largest investment bank Shuaa Capital by purchasing a large stake in the company. The management change follows the resolution of a dispute over bonds convertible into stock between Dubai Banking Group and Shuaa Capital that handed a 48.4% stake to the investment firm owned by Sheikh Mohamed bin Rashid al-Maktoum.

Shuaa Capital renegotiated terms of the convertible bond with Dubai Banking Group after its shares plunged as the global financial crisis led to government bailouts of the Emirate's largest mortgage lenders. Dubai Banking Group bought Shuaa Capital's bonds in the last couple of months of 2007 within the context of very favorable economic conditions supported by rising commodity prices and a strong real estate momentum.

Established in 1979, Shuaa Capital is one of the leading investment banks in the region, in its five core business lines investment banking, asset management, brokerage, private equity, and finance. Shuaa Capital is a public shareholding company regulated by the UAE Central Bank and listed on the Dubai Financial Market.

Headquartered in Dubai, in the United Arab Emirates, Shuaa Capital has a regional presence with offices in Abu Dhabi, Riyadh, Doha, Cairo, Beirut and Istanbul. Shuaa Capital provides a broad range of financial services to corporations, governments, institutional clients, and high net worth individuals.

Established in 2000, Dubai Banking is part of Dubai Group, a diversified financial services firm of Dubai Holding. The group was set up as part of the ruler's plan to diversify Dubai's economy. Its investments include holdings in other leading investment banks in the region, namely EFG-Hermes Holding, Egypt's biggest publicly traded investment bank, and Kuwait's Global Investment House.

Dubai Group is headquartered in Dubai, with offices in the United States, Turkey, Hong Kong and Malaysia. The Group's areas of operations span the Middle East and North Africa (MENA) region, the European Union (EU), North America, Asia and the Commonwealth of Independent States countries.

Kuwait's Zain Group to sell 46% stake

Zain Group, a leading regional and global telecom operator, is finalizing the selling of a large stake (46% of total company shares) to a group of Asian investors, according to newswires. The price per share would stand at two Kuwaiti dinars per share (US$ 6.96), bringing the total transaction value to US$ 13.7 billion, thus rendering it one of the largest in the region.

Recently, Zain's shareholders removed restrictions on ownership that prevented any local of foreign investor from owning a stake of more than 5%. The latter was perceived as a motivation for foreign investors to grasp a majority stake in the company.

Established in 1983 in Kuwait, Zain (known as MTC prior to September 2007) is currently one of the largest telecommunications company in the world in terms of geographic presence. The company operates in Bahrain, Iraq, Jordan, Kuwait, Lebanon, Saudi Arabia, and Sudan. In Africa, Zain operates under the Celtel brand in 14 sub-Saharan Africa countries, namely Burkina Faso, Chad, Democratic Republic of the Congo, Republic of the Congo, Gabon, Kenya, Malawi, Madagascar, Niger, Nigeria, Sierra Leone, Tanzania, Uganda and Zambia. In Morocco, Zain in a joint venture owns 31% of Wana Telecom. Further to the merger agreement signed on 18 May 2009 between Zain Jordan and Paltel group, Palestine became the 24th country to join Zain's global footprint.

Abu Dhabi's PAL Group plans US$ 1.4 billion property project in Pakistan

Abu Dhabi's PAL Group has formed a joint-venture with Pakistan's Defense Housing Authority (DHA), a property developer affiliated with the country's armed forces, to build a US$ 1.4 billion mixed-use real estate project in an upscale neighborhood of Lahore in Pakistan.

The project would be developed in four phases and finished by 2016, according to company officials. DHA would contribute a total of 48 acres of land for the project, while PAL would provide the financing and expertise, and would hold a majority stake.

The project, called "Time Square," would include 17 office and apartment towers, a five-star hotel and a shopping mall. Time Square would be one of the largest foreign-invested real estate developments in Pakistan, according to company sources.

Established in the late 1990s, PAL Group of Companies is part of the Royal Group, a conglomerate of 60 large and medium-sized companies based in the United Arab Emirates. PAL Group of Companies is a multi-disciplinary enterprise that comprises various subsidiaries including, PAL Technologies, PACE, Tasfeer Contracting, Royal Falcon Mining, Al Jaraf Logistics, Hydra Trading, PAL Robotics, and Infinity TV.

CAPITAL MARKETS

Arabian markets down by 1.2% on weaker oil and global equity prices

Arabian equity markets moved down by 1.2% this week, according to MSCI Arabian Markets Index, tracking a 1.5% decline in global equity markets as per MSCI All Countries World Index. Another factor added to the negative mood this week, namely the weaker oil prices that hovered around US$ 65 per barrel ahead of the OPEC meeting in Vienna next week.

In Saudi Arabia, the Tadawul was the worst performer this week, moving down by 1.9%, led by declines in oil prices and global equities. The market continued to witness dwindling volumes. In fact, heavy investors didn't show interest to take any position of note during Ramadan. As such, the total trading value tumbled by 29.5% week-on-week. Petrochemical stocks were among the top losers. For instance, Sabic slipped by 3.2% to reach SAR 68.75. On the other hand, Al Mouwasat's share price soared by 18.8% from its issue price to reach SAR 52.25, noting that the hospital management company has raised US$ 88 million last month by selling 30% stake to the public. All in all, the Tadawul reported a year-to-date increase of 22.0%.

Likewise, in Bahrain, the Bahrain Stock Exchange fell by 1.9% this week, yet the total trading value surged by a staggering 214.0% relative to the previous week. Investment firms and banks were among the top losers. The BSE accumulated a year-to-date drop of 26.8%.

Elsewhere in the Gulf, the UAE equity markets were up by 1.8% this week and the total trading value surged by 29.5%, led by real estate and telecommunication firms. Bellwether Emaar Properties gained 5.7% to AED 3.51. Aldar Properties moved up by 1.5% to AED 4.84. Arabtec holding's share price traded down by 0.3% this week to close at AED 2.91, despite talks that its Gazprom project will go ahead in 2010, which is assumed to add about 37% to its annualized EPS next year. MAC Capital Advisors initiates coverage on Arabtec Holding with an overweight rating, target price of AED 4.18. In addition, Etisalat closed 4.3% higher at AED 10.85. The company witnessed some retail interest on speculation that it may take a stake in Kuwait's Zain after the latter's shareholders voted on August 31 to remove ownership restrictions. On the other hand, Shuaa Capital gained 35.8% this week to close at AED 2.05, buoyed by news that a long-running dispute with Dubai Banking Group over AED 1.5 billion of convertible bonds has finally ended; and also due to the appointment of a new CEO. As far as the losers list is concerned, Aabar investments' share price moved down by 7.8% this week to close at AED 2.59, after the company posted a big second quarter net loss of AED 2.18 billion. The stock is currently trading 20% to 30% below its book value, and could appreciate in the medium term after possible further near-term weakness, according to Al Mal Capital. Al Mal maintains Aabar at outperform rating. Among other losers for this week, Emirates NBD, the region's largest lender by assets, closed 4.3% lower at AED 3.58. The lender plans to tap the bond market with a US$ 2 billion Euro Medium Term Note (EMTN) program, but it is waiting for favorable market conditions and a federal law that guarantees bonds issued by local banks. This step may spark some interest in the Emirates NBD stocks later on. Overall and on a cumulative basis, the UAE equity markets surged by 38.9% since the beginning of the year 2009.

In Kuwait, the Kuwait Stock Exchange ended 1.5% lower this week, and the total trading value fell by 17.7%. However, Boubyan Bank shares managed to rise by a remarkable 18.4% to reach KWD 0.58, after the lender's

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	129.9	-0.3%	14.4%	8.7	-21.6%	0.9	10,618.1	4.3%	9.6	1.37
Jordan	152.8	2.7%	-5.9%	223.7	69.9%	129.7	32,840.1	35.4%	13.8	1.87
Egypt	813.4	-1.8%	37.5%	917.1	-30.4%	408.7	84,650.2	56.3%	11.1	2.03
Saudi Arabia	355.7	-1.9%	22.0%	2,588.7	-29.5%	374.8	291,784.3	46.1%	14.8	1.91
Qatar	617.9	2.3%	1.5%	324.9	32.2%	34.9	84,867.8	19.9%	11.4	2.15
UAE	238.8	1.8%	38.9%	1,228.8	29.5%	2,239.0	141,450.5	45.2%	10.8	1.18
Oman	850.8	1.5%	21.4%	191.5	27.5%	191.2	17,686.9	56.3%	11.8	1.90
Bahrain	378.6	-1.9%	-26.8%	25.3	214.0%	44.1	16,977.5	7.8%	8.1	1.12
Kuwait	705.6	-1.5%	13.7%	1,500.0	-17.7%	1,802.4	114,208.8	68.3%	16.8	1.66
Morocco	439.4	-3.6%	-3.1%	130.9	23.8%	5.2	65,885.6	10.3%	18.3	3.78
Tunisia	1,090.1	-1.7%	19.2%	-	-	3.2	8,676.5	-	-	-
Arabian Markets	**477.4**	**-1.2%**	**19.0%**	**7,139.6**	**-15.2%**	**5,230.9**	**860,970.0**	**43.1%**	**13.2**	**1.77**

Values in US$ million; volumes in millions

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

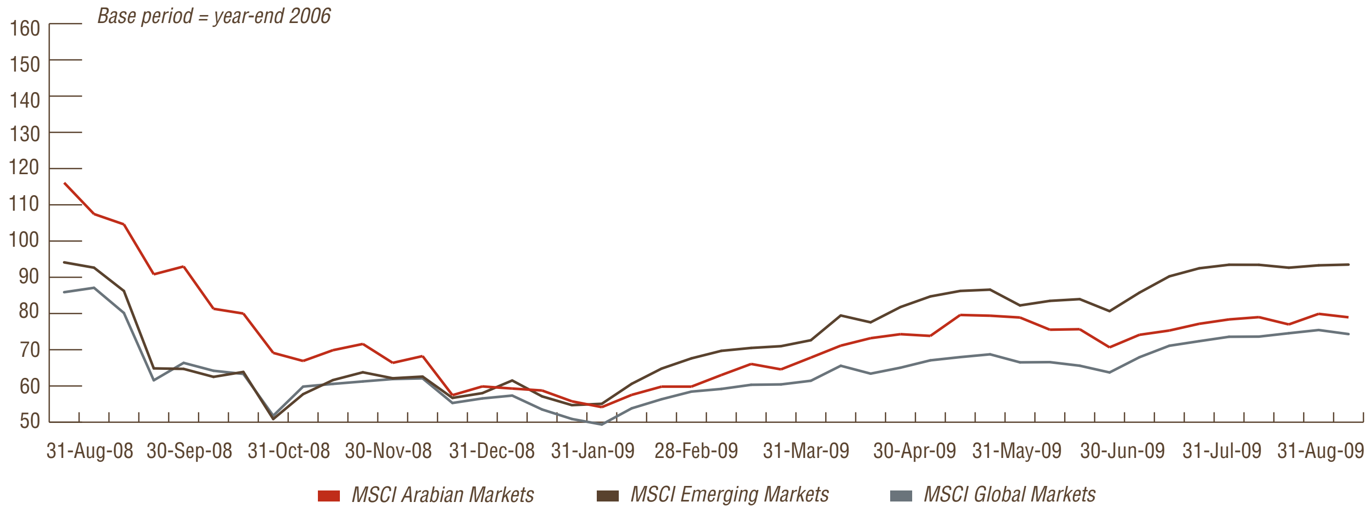
NB: Tunisia's figures are not all available yet, and have therefore been excluded from aggregate Arabian Markets figures board recommended boosting its capital by 50% after receiving the Central Bank's approval. On the other hand, Zain's share price remained unchanged this week, standing at KWD 1.48. In general, the KSE rose by 13.7% since the beginning of the year 2009.

In Qatar, the Doha Securities Market closed 2.3% higher this week, and the total trading value surged by 32.2%. Qatar Telecom was up by 5.6% to QAR 149.50, after confirming its interest in buying Portugal Telecom's 32.18% stake in Morocco's Medi Telecom. Credit Suisse has put Qtel at outperform rating, target price of QAR 200. In addition, Qatar National Bank moved up by 3.6% week-on-week to reach QAR 148.50. All in all, the DSM moved up by a tiny 1.5% since year-end 2008.

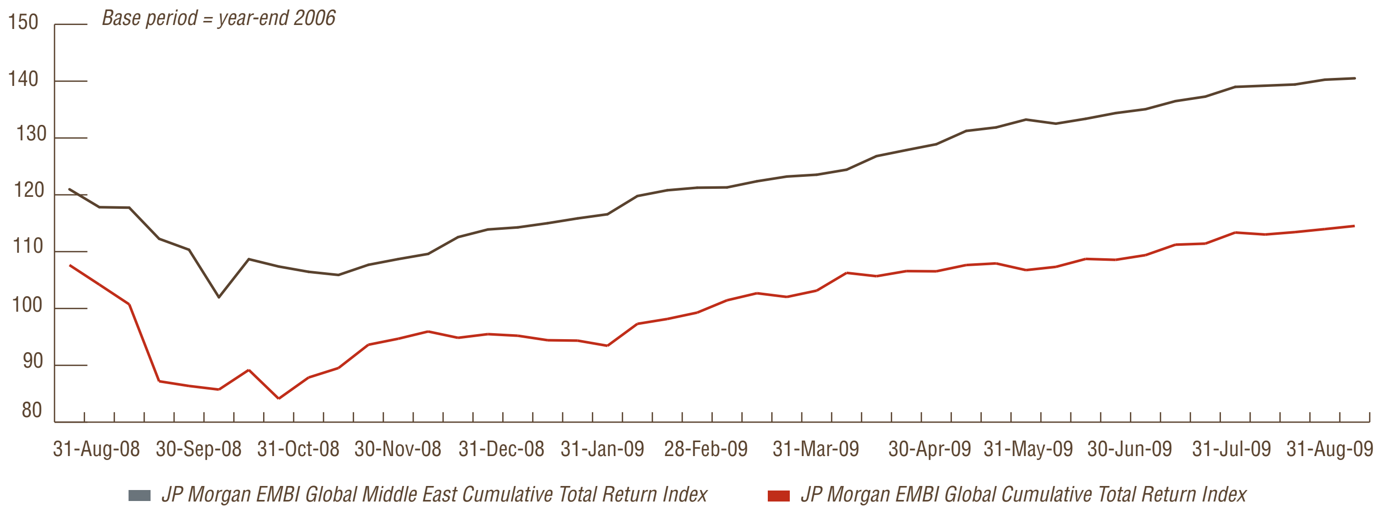
In Oman, the Muscat Securities Market moved up by 1.5% this week, and the total trading value rose by 27.5%. Banks and service sector firms led the advance. The MSM registered a 21.4% year-to-date growth.

Outside the Gulf, the Egyptian Exchange went down by 1.8% this week. Orascom Construction Industries, Egypt's largest construction firm, fell by 2.4% this week to close at EGP 226.0. The company announced on Thursday a 58% slump in its second quarter earnings, which comes below a range of analyst forecasts. Moreover, EFG Hermes fell by 1.5% to EGP 28.00. Overall, the Egyptian exchange saw a 37.5% increase since the beginning of the year 2009.

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

	04-Sep-09	28-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	0.31%	0.35%	1.43%	-0.03%	-1.11%
US Discount Rate	0.50%	0.50%	0.50%	0.00%	0.00%
US 10-year bond	3.44%	3.45%	2.22%	-0.01%	1.21%

FX RATES (per US$)

	04-Sep-09	28-Aug-09	Dec-08	Weekly Change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,500.00	1,500.00	1,507.50	0.0%	-0.5%
Syrian Pound (SYP)	46.20	46.15	46.45	0.1%	-0.5%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	5.53	5.53	5.49	0.1%	0.8%
Iraqi Dinar (IQD)	1,150.00	1,150.00	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	0.3%	4.0%
Bahraini Dinar (BHD)	0.38	0.38	0.38	0.0%	0.0%
Omani Riyal (OMR)	0.38	0.39	0.38	0.0%	0.0%
Yemeni Riyal (YER)	200.75	200.70	199.55	0.0%	0.6%
NORTH AFRICA					
Algerian Dinar (DZD)	72.21	72.21	69.44	0.0%	4.0%
Moroccan Dirham (MAD)	7.90	7.91	8.01	-0.2%	-1.4%
Tunisian Dinar (TND)	1.32	1.32	1.31	-0.4%	0.6%
Libyan Dinar (LYD)	1.23	1.23	1.24	0.2%	-0.7%
Sudanese Pound (SDG)	2.40	2.46	2.20	-2.3%	9.1%

COMMODITIES (in US$)

	04-Sep-09	28-Aug-09	Dec-08	Weekly Change	Year-to-date
Crude oil barrel (Brent)	66.2	72.6	39.8	-8.8%	66.2%
Gold ounce	993.4	955.0	878.2	4.0%	13.1%
Silver ounce	16.2	14.7	11.3	9.9%	43.4%
Platinum ounce	1,252.5	1,244.0	924.5	0.7%	35.5%

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