The MENA Weekly Monitor

Week 38
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p.6 ▶ **Arabian equity markets up by 2.9% ahead of Fitr holidays**

The Arabian equity markets finished in a positive note ahead of Fitr holidays, moving up by 2.9% week-on-week, as per Morgan Stanley Capital International Arabian Markets Index, supported by stable oil prices and a rise in global equity markets (+1.9%). The UAE equity markets were the best performer in the region this week, closing 5.5% higher relative to the previous week. Real estate and banking stocks paced the advance, backed by signs of recovery in the UAE economy. In Saudi Arabia, the Tadawul increased by 4.3% week-on-week, with the banking stocks topping the risers list. The Qatar Exchange closed 2.2% higher this week. Industrial and banking stocks chalked up gains. In Oman, the Muscat Securities Market rose by 1.2%, supported by banks and industrials. In Bahrain, the Bahrain Stock Exchange rose by 0.8% this week, helped by investment shares. Elsewhere in the Gulf, the Kuwait Stock Exchange edged up by a tiny 0.2% week-on-week, suppressed by real estate and investment firms. Outside the Gulf region, the Egyptian stock exchange increased by 2.3% this week, backed by construction and telecommunication shares.

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

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World Bank forecasts remittances outflow from GCC countries to decline by 9% in 2009

Expatriate remittances from GCC nations are expected to slow by around 9% in 2009 but could pick up next year because of an improvement in oil prices and better global economic prospects, as per projections by the World Bank. Such forecasts were cited in a report released this week by Kuwaiti investment bank, Global Investment House (GIH).

The World Bank attributed the decline in remittances outflow form the GCC to a drop in economic activity and higher cost of living. It also projected that the remittances flow to developing countries are expected to drop by 7-10% globally, from US$ 328 billion in 2008.

GIH, in its report, said remittances would slow due to a downturn in the local economies, and layoffs from private and public sector companies. The overall sentiment has turned pessimistic as expatriates have either witnessed a salary reduction or a job cut resulting in lower remittances. However, there are signs of a bottoming out and the economies reviving, GIH said. According to the revised projections by the World Bank, global economic growth is expected to rebound to 2% in 2010 and 3.2% by 2011 after an expected contraction of 2.9% in 2009.

With oil prices rising and investor confidence reviving there are strong signs GCC economies are on the path of recovery. GIH anticipates all this would impact the remittances from the GCC countries positively and expect the year 2010 to witness a positive growth rate due to a lower base and faster economic growth as projected by World Bank. GIH figures showed GCC was one of the top five players in the global remittance industry, which was worth US$ 550 billion in 2008. According to the World Bank, Saudi Arabia emerged as the second largest remittances source after the United States, with the total transfers sent from the kingdom exceeding US$ 20 billion in 2008.

While no data is available from the World Bank, industry experts estimate the UAE remittance market at around US$10 billion in 2008 while Kuwait and Qatar markets are estimated at US$ 5 billion each, the report said. Remittances have been growing at an annual pace of more than 15% in the region compared to a global growth rate of 8% in 2008. The report said that although the growth had been significant in the past few years, the last two years have witnessed essential changes in the industry in the GCC countries.

Prime Holding expects recovery in MENA banks prior to Western banks

Prime Holding, an Egyptian financial services firm, indicated in its most recent report on the banking system in the MENA region, that the latter is directly linked to the global economy. Accordingly, the firm perceives recovery of the banking system in the region to occur in parallel to the global banking rebound. As a matter of fact, Prime holding expects the recovery of the MENA banking system to occur in two phases. Phase one deals with the liquidity trap through recapitalization of banks. Phase two entails accelerating demand giving a boost to investment appetite, hence, loan growth.

Phase one has already started with governments pumping life into financial institutions with high NPLs and low capitalization generated from toxic assets. This phase has already ended some time around mid 2009 since institutions have become well capitalized and funded to cover the ailments of the previous era, as most of the stimulus packages are already allocated.

Phase two comprises the gradual growth of loan portfolios resulting from a recovery in business activity. As far as GCC countries are concerned, this phase is directly related to rebounding oil prices. Prime Holding believes that oil prices will boost the economy in several ways. First: higher budget surpluses will be used by governments to develop the infrastructural base, hence, promoting business activity. Second: give a boost to investor confidence leading to higher demand for loans and hence, income generation. And finally, give the funding needed to develop other sectors of the economy as countries work on diversifying their sources of income. Prime Holding perceives the current oil prices exceeding US$ 65/barrel as a realization for the recovery pre-requisite. The rise in business activity will ultimately increase loans portfolio, banking activity and banking fees. Phase two entails the gradual expansion of credit facilities and new investments by global funds, expected to take place by beginning of 2010.

Subsequently, governments will gradually reduce their stakes in the previously nationalized banks through the capital markets. Main challenge of this phase is enacting an efficient set of regulations that will not deter potential growth. Because recovery of the banking sector precedes the recovery of the economy as a whole, Prime Holding expects phase two (i.e. growth of loan portfolios and financial activities) to precede recovery of consumer demand. However, the Egyptian firm expects recovery to start in the banking sector in the MENA region before banks in the west due to relatively lower exposure to toxic assets than their western counterparts. The recovery period or phase two is expected to reach full momentum by mid to end of 2010.

FDI inflows drop by 6.3% in ESCWA region

The financial and economic crisis took its toll on 14 Arab countries covered by the latest United Nations Economic and Social Commission for West Asia on Foreign Direct

Investment (FDI) inflows. In fact, foreign investments in the region decreased by nearly 6.3% in 2008 registering an amount of US$ 60 billion compared to US$ 64 billion in 2007. This year will also witness an additional decline as several investment projects from the impacted transnational corporations, the main contributors to worldwide FDI, will be delayed for implementation.

The top three countries that absorbed 76% of FDI flows in 2008 were in descending order: Saudi Arabia, United Arab Emirates (UAE), and Egypt. FDI to the Kingdom diminished by 6.5% totaling US$ 22.5 billion in 2008 and essentially aimed at the following sectors: real estate (21% of FDI), petrochemicals (16% of FDI) and the mining industry (10% of FDI).

The UAE recorded US$ 13.7 billion of FDI with a cut of 3.2% from 2007. As for Egypt, FDI shrunk by 18% to US$ 9.5 billion in 2008 with the oil sector having the lion's share of 57%. Also, FDI to Kuwait Oman and Yemen plunged severely in addition to several other ESCWA member countries.

On the other hand, FDI enhanced in Bahrain, Jordan, Lebanon, Sudan, and Syria. 2008 was a year of unparalleled boost in FDI to Lebanon and Syria. The said countries viewed respectively 32% and 43% amplification in foreign investment with amounts of US$ 3.6 billion and US$ 1.3 billion. Arab investments were the major contributors to FDI in Lebanon with Saudi Arabia representing 70% and Kuwait 22%. As for sectoral distribution, the services were biggest attraction this year with 56% in real estate, 20% in the banking sector and 13% in tourism.

According to the report, the main areas of concentration were: petrochemicals, financial services and the real estate. The top sending countries were: Europe chiefly through the United Kingdom and France, then followed by Japan and the United States. However, FDI benefits to the region are still not tangible as little was done in terms of cooperation between local and foreign investors to increase the competitiveness of local firms. Hence, the report signals the weak share of research and development in FDI which deprived locals from gaining expertise.

FDI in selected ESCWA countries

	FDI in 2008 (US$ billion)	Yearly variation
Saudi Arabia	22.5	-6.5%
UAE	13.7	-3.2%
Egypt	9.5	-18.0%
Lebanon	3.6	32.0%
Syria	1.3	43.0%

Sources: ESCWA, Bank Audi's Research Department

EFG Hermes does not expect a recovery in real estate prices in Dubai before late 2010

Real estate prices in Dubai won't recover until the second half of next year, at the earliest, EFG-Hermes said in a report issued last week. With relatively low buyers' confidence in Dubai, together with the view that demand will continue to focus on the rental market as supply is absorbed, EFG does not anticipate any strong recovery in Dubai selling prices before the second half of 2010 at the earliest.

The report said that prices in Dubai had, on average, declined 50% from their peak last year. It added that current transactions were focused on completed projects and prime locations. End-user demand in Abu Dhabi, however, is expected to rise as mortgage financing is more readily available and there is still a shortage in supply compared to demand.

Fitch affirms Morocco's economy advanced rating

The world rating agency, Fitch, has affirmed Morocco's BBB- and BBB ratings for long-term foreign and local currency Issuer Default Ratings (IDR), respectively, while the Country ceiling was affirmed at BBB.

The ratings were affirmed thanks to the "relative resilience" of the economy to the global economic downturn, the continuing improvement of its public finances, and the stability of the Moroccan political system. Fitch, which said external finances have suffered from the recession in Europe, expects key external and public finance solvency ratios to converge on the BBB range median the medium-term thanks mainly to the progress made in diversifying the economy into more high value added areas.

It notes that the economy has grown in 2008 by 5.6% in the midst of an international crunch, deeming that, besides agriculture, this performance has benefited from the growing export-oriented industries and services and the large investments in infrastructure and housing. Also, the Moroccan government has managed to reduce its debt to 47.3% of the GDP by the end of 2008, and this trend is due to continue, according to Fitch's forecasts, which cite a regular improvement in the fiscal balance and a better control of expenses.

The report underlines, however, that several sectors were hit by the crisis, notably manufacturing, foreign investment, worker remittances and tourism, which led to an increased current account deficit and lower reserves. The banking system, on the other hand, was spared due to the limited integration of Moroccan banks in the global financial system and the firm regulations by the central bank.

Institutional Investor ranks Qatar as the MENA country with the lowest credit risk

In its semi-annual survey on the creditworthiness of 177 countries, Institutional Investor magazine ranked Qatar as the country with the lowest risk in 19 MENA countries, while Sudan had the highest risk among its regional peers.

Qatar which scored 76.7 points was followed by the UAE with a score of 76.5 points, Kuwait (75.0), Saudi Arabia (72.2), Oman (69.1), Bahrain 968.4), Tunisia (59.2), Algeria (55.9), Morocco (53.3), Egypt (51.4), Libya (50.9), Jordan (45.5), Iran (33.1), Syria (29.5), Lebanon (29.4), Yemen (28.1), Iraq (22.7), Mauritania (19.9), and Sudan (11.5).

The survey rates the creditworthiness of countries on a scale of 0 to 100, with 100 representing countries with the least chance of debt default. The ratings are based on input provided by senior economists and sovereign risk analysts at leading global banks, money management companies, and securities firms.

The survey had noted that sovereign creditworthiness has rebounded modestly on a global level over the past six months, yet it remained well below its level a year. Overall, the global economy has bottomed out, yet it still has a long way to go before it reaches pre-crisis levels. This is demonstrated through the trivial increase of 0.7 points or 1.5% in the global average over the past six months, however this average remained 1.3 points lower than it was a year ago. The MENA average also improved from 48.8 points in March 2009, rising by 2.0% or one point.

Creditworthiness in MENA Countries

	Credit Rating	Global Rank September 2009	Global Rank March 2009	6-month variation in global rank
Qatar	76.7	29	26	-3
UAE	76.5	30	30	0
Kuwait	75	34	33	-1
Saudi Arabia	72.2	38	37	-1
Oman	69.1	43	40	-3
Bahrain	68.4	45	42	-3
Tunisia	59.2	54	57	3
Algeria	55.9	60	65	5
Morocco	53.3	64	63	-1
Egypt	51.4	70	69	-1
Libya	50.9	71	71	0
Jordan	45.5	80	80	0
Iran	33.1	101	97	-4
Syria	29.5	114	119	5
Lebanon	29.4	116	128	12
Yemen	28.1	128	120	-8
Iraq	22.7	144	157	13
Mauritania	19.9	153	147	-6
Sudan	11.5	175	171	-4

Sources: Institutional Investor, Bank Audi's Research Department

The highest increase in relative creditworthiness in the MENA region was witnessed in Iraq, which proceeded 13 notches in its global ranking. It was followed by Lebanon, which advanced 12 notches in worldwide rankings, Algeria and Syria which both moved five places upwards, and Tunisia which advanced by six spots. Three MENA countries namely, Jordan the UAE and Libya saw their global placement remaining the same as it was six month ago, whereas the remaining MENA countries saw global decline in the their worldwide ranking. Specifically, Yemen witnessed the highest drop in ranking of eight spots, followed by Mauritania with a decline of six notches, Sudan and Iran which both regressed four places, Qatar, Oman and Bahrain which regressed three places each, and Egypt, Morocco, Saudi Arabia, and Kuwait, which all moved one notch downwards on a global level.

UAE excels in the global wealth index

The UAE and Switzerland led the global wealth ranking with millionaire households accounting for 6.1% of all households in both countries, almost nine times the global average, according to the latest Global Wealth report by Boston Consulting Group (BCG), issued last week.

The rise in oil prices has been a major driver of economic growth in the GCC region, but governments have also been diversifying their economies to develop sustainable income sources beyond the oil industry, the report said.

The BCG report is based on household assets under management (AUM), which includes listed securities, cash deposits, money market funds and offshore assets. Singapore had the highest concentration of millionaires, with 8.5% of the country's households worth more than US$ 1 million. The Middle East is not far behind in this respect, boasting three of the six densest millionaire populations - Kuwait, the UAE, and Qatar.

The AUM of wealthy households in the GCC was put at close to US$ 1 million, compared with the global average of less than US$ 400,000. Global wealth fell from US$ 104.7 trillion in 2007, measured in assets under management, to US$ 92.4 trillion in 2008, a decline of 11.7%. It is the first decline since 2001, the report said. Millionaire households represent the richest 0.7% of all households, and they owned US$ 33.2 trillion, or a third of global AUM.

The number of millionaire households worldwide fell from 11 million to about 9 million, a drop of 17.8%. The decline was steepest in North America and Europe, 22% in both regions. The report noted that wealth will begin a slow recovery in 2010 but may not reach its pre-crisis level until 2013.

CORPORATE NEWS

Emirates Steel Industries signs US$ 474 million contract with US Danieli Corporation

Emirates Steel Industries (ESI) has signed an AED 1.74 billion (US$ 474 million) construction contract with Danieli Corporation, as part of ESI's second phase AED 9 billion expansion plan in Abu Dhabi.

Danieli Corporation would be the turnkey EPC (Engineering, Procurement and Construction) contractor for Phase IIB, which would see a heavy section rolling mill with a production capacity of one million ton per year added to Emirates Steel.

The steel making plant would produce beam blanks and blooms, which would serve as a feedstock for the heavy section mill, due to come in line with completion of Phase IIB by the end of 2011. Phase II would increase the plants total area by two square kilometers.

The first part of phase II includes the development of a steel smelter and a reduction unit. The completed expansion work for phases I and II will include DRI (Direct Reduced Iron) plant, with a capacity of 1.6 tons per annum and a steel making and casting plant, with a capacity of 1.4 million tons per annum.

Established in 2001, Emirates Steel Industries (ESI), formally Emirates Iron & Steel Factory, is a wholly owned government factory located at the recently developed Industrial City of Abu Dhabi. The factory is the largest steel plant in the UAE, utilizing the latest rolling mill technology to produce reinforcing bars for the construction industry. The rolling mill has a design capacity of 600,000 tons of rebar per year. ESI is currently undertaking a major expansion project which will substantially increase the company's rolling capacity and will establish the factory as a fully integrated plant.

Established in 1996 and headquartered in Pennsylvania, US, Danieli Corporation engages in the design, manufacturing, and installation of capital equipment for the steel and related industries. The company offers hot mills, cold mills, thin slab casters, galvanizing, pickling, electrolytic tin/chrome, surface conditioning, non-ferrous technology, acid free scale removal, rolling mills, endless casting and rolling, endless welding and rolling, and electric arc furnaces. It also offers ladle met furnaces, vacuum tank degassers, continuous casters for long products, production scheduling optimization systems, process control systems, in-line quality detection and evaluation systems, field devices, electrical and power systems, automation field and installation services, and slab and bloom casters.

QIB to raise US$ 962 million syndicated facility for Qatari Diar

Qatari Diar Real Estate Investment Company (Qatari Diar), a leading Qatari real estate developer and investment firm, has appointed Qatar Islamic Bank (QIB) as initial mandated lead arranger (MLA) and book runner to raise a five-year QR 3.5 billion (US$ 962 million) syndicated facility to finance European investments.

Qatari Diar is fully owned by the government through Qatar Investment Authority and was founded to support Qatar's rapidly expanding economy and to provide structure and quality control for the country's real estate development priorities.

Established in 2004, Qatari Diar provides services in real estate property investment, development and management, operation of hotels and resorts, and electromechanical contracting. The company has a number of projects underway. Among these projects, are the new Doha Convention Centre and Tower, the Lusail project, and the Chiva Som health resort in Qatar, the Ras Al-Hadd eco-tourism resort in Oman, the Al Houara project in Morocco, the Ibn Hani project in Syria, Cairo's Corniche Nil and Sharm el Sheikh upscale tourist town in Egypt, a five star resort in the Seychelles islands, and the Bramah project in the United Kingdom.

Saudi Mojil Group wins US$ 48.8 million contract from Aramco

Saudi Arabia's Mohammad Al Mojil Group sealed a deal with Saudi Arabia's national oil company Saudi Aramco to build a 335 unit residential compound, worth SR 183 million (US$ 48.8 million).

According to company sources, the residential compound would be connected to the King Abdullah University for Science and Technology, which would open later this month.

Saudi Aramco took on the responsibilities of the development, construction and management of the educational center.

Estaplished in 1954, Al Mojil Group is a Saudi Arabian construction company with activities in civil, structural, mechanical, electrical and instrumental contracting for the oil and gas, petrochemical, power, waste and water, industrial and commercial sectors. Al Mojil's core activities are onshore and offshore projects for the oil and gas and petrochemical industries on a subcontract basis. Among the company's major clients are Saudi Aramco, SABIC, Tecnicas Reunidas, Mitsubishi Heavy Industries and Bechtel Corporation. The company complements its contracting services by facilitating structural steel and stainless steel out of its two factories located in Saudi Arabia.

Headquartered in Saudi Arabia's Dhahran, the Saudi Arabian Oil Company (Saudi Aramco), the state-owned oil company of the Kingdom of Saudi Arabia, is a fully-integrated, global petroleum enterprise and a leader in exploration and producing, refining, distribution, shipping and marketing. The company manages proven reserves of 260 billion barrels of crude oil and manages the fourth-largest gas reserves in the world.

CAPITAL MARKETS

Arabian equity markets up by 2.9% supported by oil and global equity prices

The Arabian equity markets finished in a positive note ahead of Fitr holidays, moving up by 2.9% this week relative to the previous week, as per Morgan Stanley Capital International Arabian Markets Index, supported by stable oil prices and a rise in global equity markets (+1.9%).

The UAE equity markets were the best performer in the region this week, closing 5.5% higher relative to the previous week. Real estate and banking stocks paced the advance. In fact, Emaar Properties went up by 3.5% to close at AED 4.14. Aldar properties rose by 7.9% to AED 5.87. Sorouh Real Estate ended 11% higher to reach AED 3.83. Arabtec Holding's share price increased by 2.6% to AED 3.17, noting that Morgan Stanley upgraded Arabtec to overweight from equalweight rating on greater confidence in its opportunities outside Dubai, particularly in Saudi Arabia. Moreover, DP World shares moved higher this week, up by 6.00%, despite news that Dubai-based private equity firm Abraaj Capital's five-month-old talks to buy a stake in DP World may have failed. It is worth mentioning that Societe Generale downgraded DP World to hold from buy rating after its stock reached target price, maintaining target at US$ 0.50. As to the banking stocks, the heavyweight Emirates National Bank of Dubai's share price went up by 12.2% to close at AED 4.15. Within this context, Credit Suisse said that it favors Abu Dhabi banks over their Dubai peers.

The Tadawul in Saudi Arabia was the second best performer stock exchange in the region this week, moving up by 4.3% relative to the previous week. Banking stocks were among the top risers. Samba Financial Group rose by 9.72% to SAR 46.30, after Public Pension Agency raised its stake in the bank by 2.2% to 12.4%. On the other hand, Sabic helped driving gains, ending 8.3% higher to SAR 78.50. In addition, Saudi Electricity Co. was among the top gainers, moving up by 7.33% to SAR 10.25. SEC's share price boosted by news that the country's government that holds 74.30% stake in the company has decided to give up its share of dividends for a period of 10 years from the next Islamic year. Saudi Cable's share price rose by 4.52% to close at SAR 32.40, on news that the company won a contract of SAR 74 million from Saudi Electricity Co.

The Qatar Exchange closed 2.2% higher this week, in line with other regional and world markets. Industrial and banking stocks chalked up gains. Bellwether Industries Qatar was among the top risers, moving up by 10.50% to QAR 116.80. On the other hand, Commercial Bank of Qatar rose by 5.73% to QAR 81.20. Qatar National Bank increased by 2.1% to QAR 141.80. Qatar Islamic Bank lost 0.44% to QAR 89.50. QIB was appointed as the initial mandated lead arranger and book runner by Qatari Diar to raise QAR 3.5 billion Shariah compliant syndicated facilities. All in all, Credit Suisse expected the Doha index to exhibit stronger returns in the next few quarters, with banks resuming balance sheet expansion as GDP recovers to about 33% nominal growth in 2010, from an estimated 30% drop in 2009. Credit Suisse rates Qatar among its top GCC equity picks.

In Oman, the Muscat Securities Market rose by 1.2%, supported by banks and industrials.

In Bahrain, the Bahrain Stock Exchange rose by 0.8% week-on-week, helped by investment shares. Gulf Finance House's share price rose by 26.6% to USD 0.58, after shareholders approved the increase of the bank's authorized and paid-up capital as the lender is gearing up to seize opportunities cre-

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	133.0	2.2%	17.1%	17.7	-18.9%	1.0	10,866.1	8.5%	9.9	1.43
Jordan	151.3	-1.1%	-6.9%	260.3	-12.1%	145.9	33,032.5	41.0%	13.8	1.87
Egypt	848.3	2.3%	43.4%	865.2	-4.8%	430.5	89,138.8	50.5%	11.5	2.05
Saudi Arabia	378.9	4.3%	30.0%	4,686.2	31.4%	637.7	310,949.9	78.4%	15.6	2.02
Qatar	635.4	2.2%	4.4%	388.1	20.8%	36.1	89,149.2	22.6%	11.9	2.23
UAE	272.5	5.5%	58.6%	1,724.0	-8.3%	3,084.1	152,707.6	58.7%	11.7	1.26
Oman	881.0	1.2%	25.8%	182.2	-1.6%	184.1	18,244.7	51.9%	12.1	1.94
Bahrain	381.0	0.8%	-26.3%	7.2	-72.1%	14.2	17,782.7	2.1%	8.5	1.16
Kuwait	686.8	0.2%	10.7%	1,315.7	-30.0%	1,633.9	113,295.0	60.4%	16.0	1.60
Morocco	461.8	2.6%	1.8%	76.4	-0.4%	2.4	68,159.3	5.8%	19.8	3.88
Tunisia	1,115.2	0.8%	22.0%	-	-	3.1	9,025.6	-	-	-
Arabian Markets	**498.0**	**2.9%**	**24.1%**	**9,523.0**	**3.9%**	**6,169.8**	**903,325.8**	**54.8%**	**13.7**	**1.82**

Values in US$ million; volumes in millions

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

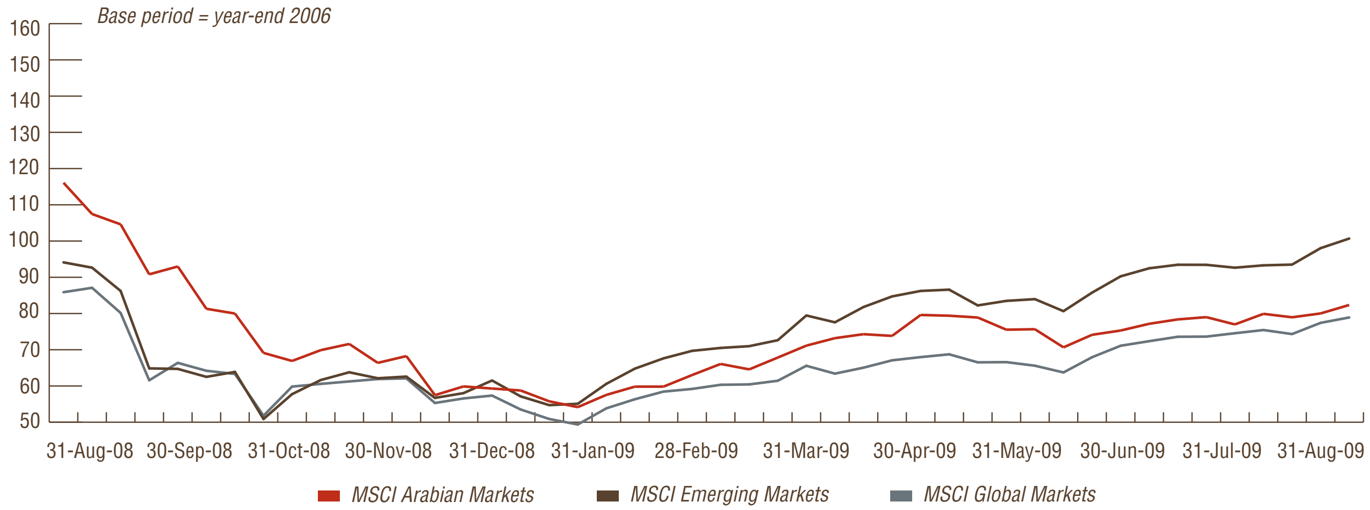
NB: Tunisia's figures are not all available yet, and have therefore been excluded from aggregate Arabian Markets figures ated by the economic downturn.

In Kuwait, the Kuwait Stock Exchange edged up by a tiny 0.2% week-on-week, suppressed by real estate and investment firms. National Investments Co. shed 4.7% to KWD 0.61. Al Mal Investment Company's share price stood at KWD 0.118. On the other hand, Kuwait Projects Co., or Kipco's share price rose by 1.1% to close at KWD 0.465, after the company said it may tap the bond market to finance acquisitions and new projects. All in all, the KSE is viewed as the most expensive market in the region, trading at a P/E of 16.0, compared to a P/E of 13.7 for the MENA region. Credit Suisse said that the Kuwaiti Stock Exchange is its least favored Gulf market.

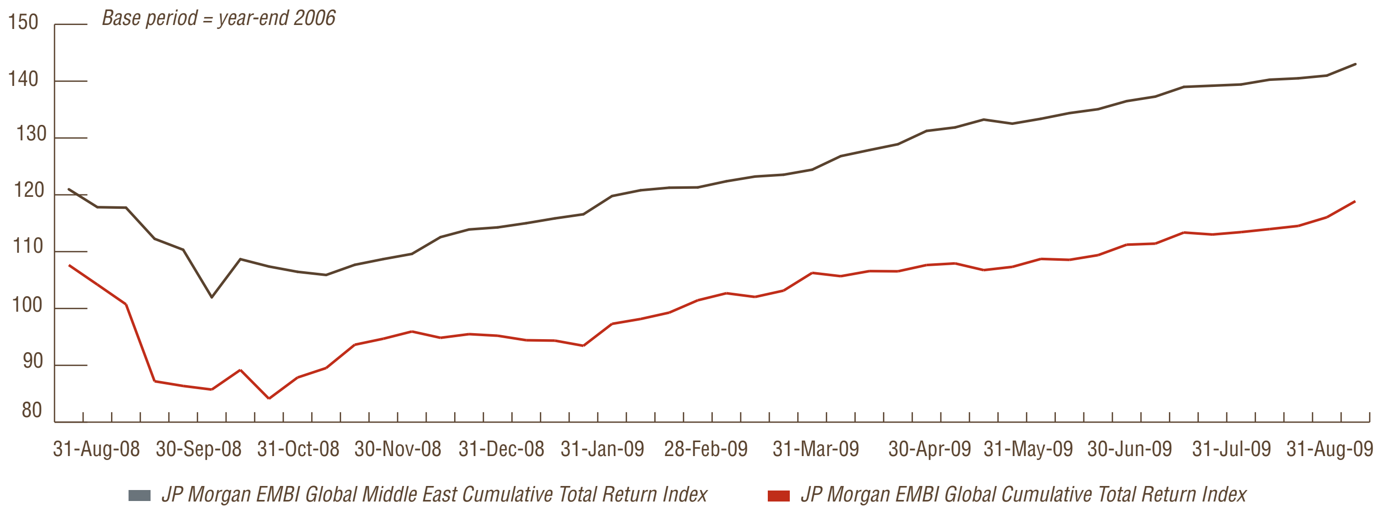
Outside the Gulf region, the Egyptian stock exchange increased by 2.3% this week. Orascom Construction Industries' share price increased by 5.2% to close at EGP 244.00. In fact, the construction sector, which is currently active in Egypt, continued to attract foreign investors. On the other hand, Orascom Telecom Holding rose by 1.1% to EGP 36.29, after saying that its Algerian subsidiary has received approval from local authorities to repatriate 50% of its 2008 dividends to its nonresident shareholders.

The Arabian markets followed this week the same upward path traced by the Asian and world equity markets. The favorable long-term prospects for oil prices are assumed to give way for a recovery, which is expected to boost investor sentiment and leave a positive impact on equities in the region in the coming period. Current oil prices are currently driven by fundamentals more than speculation, and demand for oil is growing faster than supply.

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

	18-Sep-09	11-Sep-09	Dec-08	Weekly Change	Year-to-date
US Prime Rate	3.25%	3.25%	3.25%	0.00%	0.00%
3-M Libor	0.29%	0.30%	1.43%	-0.01%	-1.14%
US Discount Rate	0.50%	0.50%	0.50%	0.00%	0.00%
US 10-year bond	3.47%	3.35%	2.22%	0.12%	1.25%

FX RATES (per US$)

	18-Sep-09	11-Sep-09	Dec-08	Weekly Change	Year-to-date
LEVANT					
Lebanese Pound (LBP)	1,499.00	1,500.00	1,507.50	-0.1%	-0.6%
Syrian Pound (SYP)	45.85	45.90	46.45	-0.1%	-1.3%
Jordanian Dinar (JOD)	0.71	0.71	0.71	0.0%	0.0%
Egyptian Pound (EGP)	5.51	5.52	5.49	-0.2%	0.3%
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	-0.1%	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)	200.75	200.75	199.55	0.0%	0.6%
NORTH AFRICA					
Algerian Dinar (DZD)	70.86	72.55	69.44	-2.3%	2.1%
Moroccan Dirham (MAD)	7.70	7.76	8.01	-0.8%	-3.9%
Tunisian Dinar (TND)	1.29	1.30	1.31	-0.6%	-1.3%
Libyan Dinar (LYD)	1.29	1.22	1.24	5.6%	4.0%
Sudanese Pound (SDG)	2.33	2.37	2.20	-1.4%	6.0%

COMMODITIES (in US$)

	18-Sep-09	11-Sep-09	Dec-08	Weekly Change	Year-to-date
Crude oil barrel (Brent)	70.6	66.8	39.8	5.7%	77.3%
Gold ounce	1,006.2	1,004.9	878.2	0.1%	14.6%
Silver ounce	17.0	16.7	11.3	1.3%	50.1%
Platinum ounce	1,327.0	1,315.5	924.5	0.9%	43.5%

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