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LEBANON NEWS

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IMF PROJECTS LEBANON’S ECONOMIC GROWTH TO REACH 1.5% IN 2013

The IMF stated in its October 2013 World Economic Outlook report that the Lebanese economy has recorded a 1.5% real growth rate during the year 2012, and has downwardly revised consensus growth for the years 2013 and 2014 to 1.5%, down from 2.0% and 4.0% respectively in the April 2013 World Economic Outlook report.

WORLD BANK PUBLISHES “WORLD DEVELOPMENT REPORT 2014”

The World Bank indicated that Lebanon enjoyed the sixth highest gross national income per capita among covered countries in the MENA region, standing at \$9,190 per capita in the year 2012.

NET PRIVATE CAPITAL FLOWS TO LEBANON EXPECTED TO NEAR \$2 BILLION IN 2014

The IIF expects net private capital flows to Lebanon, the bulk of which consists of non-resident deposits, to remain relatively low at around \$2 billion in the year 2014 when compared to the record high of \$12 billion registered in the year 2009.

LEBANON RANKS 52ND WORLDWIDE AND 5TH REGIONALLY IN THE 2012 ICT DEVELOPMENT INDEX

According to the ITU, Lebanon recorded an overall IDI score of 5.37 (global rank: 52nd) in the year 2012, advancing as such from the 61st place (score: 4.62) it occupied in 2011, and reporting the largest expansion in IDI value (0.75 points) for the year.



"BDL"	Banque Du Liban
"ABL"	Association of Banks in Lebanon
"MOF"	The Lebanese Ministry of Finance
"BOP"	Balance of Payment
"IMF"	The International Monetary Fund
"Moody's"	Moody's Investors Service
"BSE"	Beirut Stock Exchange
"GDRs"	Global Depositary Receipts
"M1"	Currency in Circulation + Demand Deposits in LBP
"M2"	M1 + Other Deposits in LBP
"M3"	M2 + Deposits in Foreign Currencies
"M4"	M3+ Treasury Bills Held By Non Banking System, Including Accrued Interests
"CPI"	Consumer Price Index
"PPI"	Producer Price Index
"CLASI"	Credit Libanais Aggregate Stock Index
"CLFI"	Credit Libanais Financial Sector Stock Index
"CLCI"	Credit Libanais Construction Sector Stock Index
"EIU"	Economist Intelligence Unit
"P/E"	Price to Earnings Multiple
"P/BV"	Price to Book Multiple
"YTD"	Year To Date
"YTD Price Performance"	Yield to Date Price Appreciation
"Forex"	Foreign Exchange
"LBP"	The Lebanese Pound
"USD"	The United States Dollar
"Yen"	The Japanese Yen
"GBP"	The British Pound/ Sterling Pound
"CHF"	The Swiss Franc
"Y-O-Y"	Year-On-Year
"GDP"	Gross Domestic Product
"MENA"	Middle East and North Africa
"FOMC"	Federal Open Market Committee
"LE"	Livre Egyptienne – Egyptian Pound
"SAR"	Saudi Arabian Riyal
"AED"	United Arab Emirates Dirham
"BD"	Bahraini Dinar



IMF PROJECTS LEBANON'S ECONOMIC GROWTH TO REACH 1.5% IN 2013

According to the International Monetary Fund's October 2013 World Economic Outlook report, economic growth across the globe is expected to remain tainted with sluggishness, with the world's real GDP growth rate projected to attain 2.9% in the year 2013, 3.6% in the year 2014, and 4.1% in the year 2018. In fact, the United States, Euro Area, and Japan are witnessing a relatively floppy activity, with fears of policy spillovers escalating among various countries. More specifically, long-term yields in the USA and other economies have surprisingly rallied amid the Federal Reserve's announcement of a potential tightening of its quantitative easing measures. In parallel, and despite China's solid GDP growth rate figures, an increasing number of analysts are anticipating a slowdown of the Chinese economic growth in the medium term. According to the IMF, however, the overall performance of advanced economies is expected to gradually recover, yet it is necessary for the concerned authorities to focus on restoring the financial sector, ensuring fiscal consolidation, and creating new job opportunities. It is worth noting that the report has stressed on the catastrophic consequences of a prolonged shutdown of the U.S. federal government on the country's economy, and on the devastating repercussions of any failure to raise its debt ceiling on the global economy. Nevertheless, the repercussions of a brief shutdown are expected to be minimal. On the other hand, emerging market countries continue to struggle between a weak economic growth and tighter global financial environment, with structural reforms becoming "urgent" to curb economic instabilities. In figures, the report expects the U.S. and Canadian economies to grow at 1.6% (each) in real terms during the year 2013, outperformed by Singapore (3.5%), Hong Kong (3.0%), Korea (2.8%), Australia and New Zealand (2.5% each), Taiwan Province of China (2.2%), and Japan (2.0%). The report anticipated growth in the Euro Area to register a negative growth rate of -0.4% in 2013, crippled by the difficulties faced by peripheral European countries. As for the year 2014, the report expects the U.S. economy to achieve a real growth rate of 2.6%, outperformed by Hong Kong's 4.4%, Taiwan Province of China's 3.8%, Korea's 3.7%, Singapore's 3.4%, New Zealand's 2.9%, and Australia's 2.8%.

Real GDP Growth (%)				
	2012	2013*	2014*	2018*
Lebanon	1.5	1.5	1.5	4.0
World Output	3.2	2.9	3.6	4.1
Advanced Economies	1.5	1.2	2.0	2.5
United States	2.8	1.6	2.6	3.1
Euro Area	-0.6	-0.4	1.0	1.6
Germany	0.9	0.5	1.4	1.2
France	0.0	0.2	1.0	1.9
Italy	-2.4	-1.8	0.7	1.2
Spain	-1.6	-1.3	0.2	1.2
Japan	2.0	2.0	1.2	1.1
United Kingdom	0.2	1.4	1.9	2.3
Canada	1.7	1.6	2.2	2.2
Emerging and Developing Economies	4.9	4.5	5.1	5.5
Central and Eastern Europe	1.4	2.3	2.7	3.7
Commonwealth of Independent States	3.4	2.1	3.4	3.7
Russia	3.4	1.5	3.0	3.5
Excluding Russia	3.3	3.6	4.2	4.3
Developing Asia	6.4	6.3	6.5	6.7
China	7.7	7.6	7.3	7.0
India	3.2	3.8	5.1	6.7
Middle East and North Africa	4.6	2.1	3.8	4.4
Latin America and the Caribbean	2.9	2.7	3.1	3.7
Brazil	0.9	2.5	2.5	3.5
Mexico	3.6	1.2	3.0	3.8

* Projected Growth

Source: IMF, Credit Libanais Economic Research Unit

On the regional front, the IMF report projected growth in the Middle East & North Africa (MENA) region to attain 2.1% in 2013 and 3.8% in 2014, down from 4.6% in the year 2012. Said deterioration in the region's economic growth for 2013 owes primarily to the receding oil production, which was mainly triggered by a relatively frail global demand and "domestic supply disruptions". In parallel, consumer and investor's confidence in oil importing countries remains the prey of the sustained regional political turmoil. Oil production is, however, expected to bounce back in 2014, boosting the region's macroeconomic figures. On the medium run, the region's economic performance remains highly dependent upon the future developments on the sociopolitical, employment, and macroeconomic fronts. On the local front, the report stated that the Lebanese economy has recorded a 1.5% real growth rate during the year 2012, and has downwardly revised consensus growth for the years 2013 and 2014 to 1.5%, down from 2.0% and 4.0% respectively in the April 2013 World Economic Outlook report. The report, however, anticipated Lebanon's economic growth to improve moderately to 4.0% by year-end 2018. According to the IMF, the main challenge faced by the Lebanese economy resides in the repercussions of the Syrian crisis on the country's political stability, in addition to the growing flow of Syrian refugees to the Lebanese territories. This has hampered consumer and investor confidence and paralyzed tourism activity, while weighing negatively on Lebanon's public finances and external balances.

WORLD BANK PUBLISHES "WORLD DEVELOPMENT REPORT 2014"

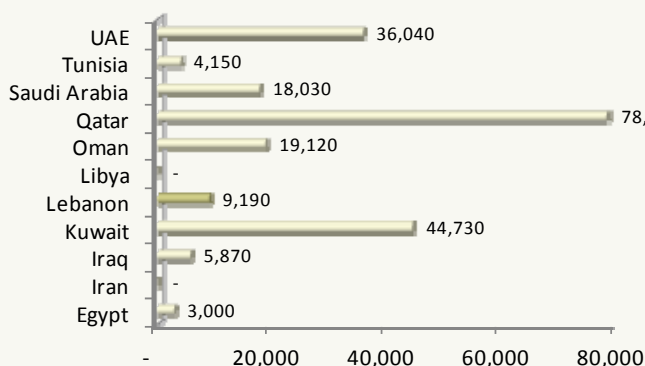
The World Bank published early this week the "World Development Report 2014: Risk and Opportunity", in which it highlights the importance of risk management in achieving the World Bank's two main objectives: ending extreme poverty by the year 2030 and boosting shared prosperity of the bottom 40% of the developing countries' population. The report presents a balanced approach towards risk management in order to achieve development through collective action and international institutions. The report adds that the developing world should move from a "crisis fighter", where risk is completely averted, to a "proactive and systematic risk manager", where risk is managed efficiently to lead to new development opportunities. Locally, the World Bank classified Lebanon as an upper-middle-income country, with a Gross National Income (GNI) of \$9,190 per capita.

The table below depicts different indicators related to development and relevant to the management of risk. The report indicated that Lebanon enjoyed the sixth highest gross national income per capita among covered countries in the MENA region, standing at \$9,190 per capita in the year 2012, positioning it right behind Saudi Arabia (\$18,030 per capita) and Oman (\$19,120 per capita). As far as the GDP growth rate per capita is concerned, Lebanon ranked 7th among covered countries in the MENA region during the year 2012, with a GDP per capita growth rate of 0.4%, positioning right behind Egypt (0.5%), Tunisia (2.6%), Kuwait (3.6%), Saudi Arabia (4.8%), Iraq (5.7%) and Qatar (8.8%). As for the adult literacy rate (>15 years old), Lebanon came in third along with the Unites Arab Emirates in the year 2012, with an adult literacy rate of 90%.

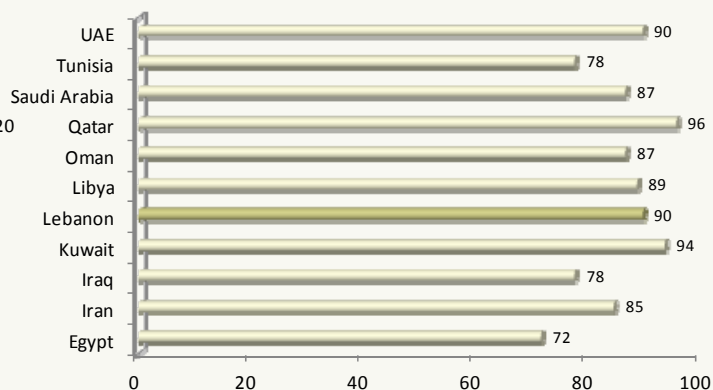
MENA Region	Population			Gross National Income (GNI)		GDP per capita growth	Life Expectancy at Birth		Adult Literacy Rate
	2012 figures	Average Annual Growth (%)	Density per sq. km	\$ billions	\$ per capita	%	Years, Male	Years, Female	%, Ages 15 and older
Egypt	81	1.7	81	241.80	3,000	0.5	71	75	72
Iran	76	1.2	47	-	-	-	71	75	85
Iraq	33	2.6	75	191.20	5,870	5.7	66	72	78
Kuwait	3.25	4.4	182	133.82	44,730	3.6	74	76	94
Lebanon	4	2.6	433	40.70	9,190	0.4	70	75	90
Libya	6	1.4	3	-	-	-	72	78	89
Oman	3.31	3.4	11	53.60	19,120	-2.2	71	76	87
Qatar	2.05	10.3	177	150.43	78,720	8.8	79	78	96
Saudi Arabia	28	2.8	13	500.50	18,030	4.8	73	75	87
Tunisia	11	1	6.9	44.80	4,150	2.6	73	77	78
UAE	9	9.3	110	321.70	36,040	-0.8	76	78	90

Source: World Bank, Credit Libanais Economic Research Unit

GNI (\$ per capita) in 2012



Adult Literacy Rate (% , Ages 15 and older)



NET PRIVATE CAPITAL FLOWS TO LEBANON EXPECTED TO NEAR \$2 BILLION IN 2014

The Institute of International Finance (IIF) released its "*Capital Flows to Emerging Market Economies*" research note on October 7, 2013, in which it provides a snapshot on the size and trend of capital inflows and outflows to/from the different emerging market economies around the globe during the year 2012, and estimates capital flows for the year 2013 and 2014. In fact, the report unveils that net private capital inflows to emerging markets have widened from \$1,145 billion in the year 2011 to an estimated \$1,215 billion in the year 2012. Said flows are, however, expected to shrink in the year 2013 and onwards to potentially reach \$1,062 billion in 2013 and \$1,029 billion in the year 2014, pressured by the expected rise in US interest rates, originating from the anticipated tapering of the bond-buying program, which will push money into the mature markets and out of the emerging economies.

Revisions to IIF Private Capital Inflows to Emerging Markets				
(USD Billion)	2011	2012e	2013f	2014f
IIF Private Capital Inflows				
October 2013 Forecast	1,145	1,215	1,062	1,029
June 2013 Forecast	1,146	1,181	1,145	1,112
Revision	-1	34	-83	-83
Revisions by Region				
Latin America	-3.0	0.0	-21.0	-19.0
Emerging Europe	-1.0	30.0	-35.0	-56.0
Africa/Middle East	0.0	2.0	1.0	-1.0
Emerging Asia	3.0	3.0	-27.0	-7.0

Source: IIF, Credit Libanais Economic Research Unit

As far as Africa and the Middle East (AFME) region is concerned, the IIF report commented that net private capital inflows have risen to \$74 billion by year-end 2012, from \$68 billion in 2011, and are expected to sustain their upward trend to \$83 billion in the year 2013 and the year 2014. Direct equity investment continues to detain the lion's share of net private capital inflows to Africa & the Middle East, accounting for 52.70% of net private inflows (\$39 billion) in the year 2012, and an expected 50.60% (\$42 billion) in the year 2013, and a projected 53.01% (\$44 billion) in the year 2014. The region's main oil-exporting economies have enjoyed high current account surpluses in the year 2013 on the back of the rallying oil prices, fueled by the ongoing instability in the region.

Africa & Middle East (AFME): Capital Flows				
(USD Billion)	2011	2012e	2013f	2014f
Capital Inflows:				
Total Net Inflows:	71	77	98	99
Net Private Inflows	68	74	83	83
Net Equity Investment	41	45	54	57
- Net Direct Investment	44	39	42	44
- Net Portfolio Investment	-3	5	12	13
Net Private Creditors	27	30	29	26
- Net Commercial Banks	4	-3	9	11
- Non-Banks, Net	23	32	20	16
Net Official Outflows	3	3	15	15
- International Financial Institutions	3	3	4	5
- Bilateral Creditors	0	0	11	11
Capital Outflows:				
Total Net Outflows:	-195	-243	-285	-275
Net Private Outflows	-89	-119	-161	-156
- Net Equity Investment Abroad	-46	-36	-44	-47
- Net Resident Lending/Other	-43	-83	-117	-109
Reserves (- = Increase)	-106	-124	-125	-118
Memo:				
Errors & Omissions	-63	-53	0	0
Current Account Balance	187	219	187	176

Source: IIF, Credit Libanais Economic Research Unit

On the local front, the IIF warned of the negative repercussions of the spillover of the Syrian crisis on the Lebanese economy. More specifically, the tensions in neighboring Syria have hampered the inflow of net private capital to Lebanon, with the IIF expecting net private capital flows to Lebanon, the bulk of which consists of non-resident deposits, to remain relatively low at around \$2 billion in the year 2014 when compared to the record high of \$12 billion registered in the year 2009. In fact, and according to the report, Lebanon proves to be more vulnerable to local and regional tensions than to international instabilities, in contrast with the hydrocarbon-producing countries in the Middle East & North Africa (MENA) region, which tend to be influenced indirectly by both global and regional economic conditions and events.

LEBANON RANKS 52ND WORLDWIDE AND 5TH REGIONALLY IN THE 2012 ICT DEVELOPMENT INDEX

The International Telecommunication Union (ITU) released on October 7, 2013 the 5th issue of "Measuring the Information Society" report, which ranks 157 countries around the globe based on two information & communication technology (ICT) indices, namely the ICT Development Index (IDI) and ICT Price Basket (IPB). The report aims at providing policy-makers, investors, and analysts with the necessary information pertaining to the development of ICT services worldwide. In details, the IDI is by definition "a composite index combining 11 indicators into one benchmark", serving as an assessment and comparison tool for ICT development internationally. The IPB, on the other hand, is a "composite basket based on the price for fixed-telephony, mobile-cellular telephony, and fixed-broadband internet services, and is computed as a percentage of average income levels". The report highlighted that internet penetration continues to grow year after year across the globe, with 250 million additional users subscribing to some form of internet connection in 2012. In this context, the report anticipated that the worldwide internet penetration rate will near the 40% mark by year-end 2013. In parallel, the report commented that the use of mobile-related services is on the rise, with the number of mobile broadband subscribers reaching around 2 billion. The report also unveiled that the speed of both fixed and mobile broadband services remained on the rise in the year 2012, with the related prices receding significantly over the past couple of years. In fact, fixed broadband prices sank by a staggering 82% in just four years. Nevertheless, the report highlighted that around 39 developing countries still suffer from a relatively low ICT development, and must be granted priority in terms of policy actions to provide an affordable access to broadband internet services for everyone.

According to the report, the Korean Republic ranked first in the world in terms of IDI, with a score of 8.57 in 2012, up from 8.51 in 2011, followed by Sweden (score: 8.45) and Iceland (score: 8.36). On a regional basis, however, the report commented that the Arab region suffers the second lowest IDI among all other regions, with a score of 3.94 in 2012, followed solely by Africa (score: 2.00). Qatar topped the list of countries in the region in the ICT development index, with an IDI score of 6.54 (global rank: 31), followed by the United Arab Emirates (score: 6.41; global rank: 33), Bahrain (score: 6.30; global rank: 39), Saudi Arabia (score: 5.69; global rank: 50), and Lebanon (score: 5.37; global rank: 52). In fact, Lebanon recorded an overall IDI score of 5.37 in the year 2012, advancing as such from the 61st place (score: 4.62) it occupied in 2011, and reporting the largest expansion in IDI value (0.75 points) for the year. Lebanon was also considered as one of the "most dynamic countries in the IDI 2012". According to the report, Lebanon was capable of achieving a drastic improvement in its ICT infrastructure since late 2011, enjoying new cable deployments and a related distribution via public-private partnerships (PPPs), while introducing wireless broadband services and 3G services across its territories. Consequently, the country's internet penetration rate rose to 61% in the year 2012, up from 52% in 2011. In details, broadband penetration in Lebanon more than doubled throughout the year 2012, with the fixed broadband penetration rate reaching 12%, up from 5% in 2011, and the wireless broadband penetration rate attaining 26%, from 11% in the previous year. In parallel, the cost of subscription to broadband internet has plunged by 70% in late 2011. On a sub-indices basis, the report praised Lebanon's substantial improvement in its *IDI Access Sub-Index* (ICT readiness such as fixed and mobile-telephone subscriptions, households' connectivity, and others) from a global rank of 64 in 2011, to a global rank of 55 in 2012, qualifying it as such to become the country with the highest access sub-index progress. On the other hand, the report commented on Lebanon's low *IDI Use Sub-Index* (ICT intensity and usage indicators such as internet penetration rate, broadband subscriptions, and others), yet praised the relatively recent launching of 3G services in the country. Accordingly, Lebanon ranked 55th worldwide in the ISI Use Sub-Index.

ICT Development Index (IDI) in the Arab Region

Country	Regional Rank 2012	Global Rank 2012	IDI 2012	Global Rank 2011	IDI 2011	Global Rank Change 2011-2012
Qatar	1	31	6.54	30	6.41	-1
United Arab Emirates	2	33	6.41	45	5.68	12
Bahrain	3	39	6.30	42	5.79	3
Saudi Arabia	4	50	5.69	48	5.46	-2
Lebanon	5	52	5.37	61	4.62	9
Oman	6	54	5.36	58	4.80	4
Jordan	7	76	4.22	77	3.90	1
Egypt	8	86	3.85	87	3.65	1
Morocco	9	89	3.79	89	3.59	0
Tunisia	10	91	3.70	92	3.58	1
Syria	11	102	3.22	99	3.13	-3
Algeria	12	106	3.07	105	2.98	-1
Sudan	13	119	2.33	118	2.19	-1
Yemen	14	127	1.89	129	1.76	2
Djibouti	15	131	1.77	131	1.71	0
Mauritania	16	133	1.76	133	1.70	0
Comoros	17	138	1.70	134	1.68	-4
Average			3.94		3.68	

Source: International Telecommunication Union, Credit Libanais Economic Research Unit

LEBANON'S EXTERNAL DEBT POSTED RETURNS OF -0.23% AS AT END OF SEPTEMBER 2013 ACCORDING TO MERRILL LYNCH'S "EMERGING MARKETS" REPORT

According to the "High Yield & Emerging Market Profiles" report released by Merrill Lynch on the 4th of October, the yield on Lebanon's external debt stood at 0.44% during the month of September 2013 up from -1.19% in August. On a cumulative basis, Lebanon's external debt returns reached -0.23% up to September 2013, compared to lower cumulative returns of -0.67% during the first eight months of the current year. Lebanon's sovereign return outperformed that of the Europe, Middle East and Africa (EMEA) region (-3.36%) and the yield on emerging markets (-5.87%). From a ranking standpoint, Lebanon slipped one position to occupy the 18th place among 63 emerging countries (compared to the 17th place as at end of August 2013) in terms of sovereign yields and the 12th rank among 35 EMEA countries (compared to the same rank as at end of August 2013).

In addition, the report indicated that spreads on Lebanon's Eurobonds widened to 470 basis points (bps) as at end of September 2013 up from 452 bps as at end of August 2013. This compares to spreads of 326 bps for the EMEA region and 346 bps for covered emerging countries. Accordingly, Lebanon ranked 42nd among emerging markets (compared to 40th as at end of August 2013) and 25th in the EMEA region (compared to 23rd as at end of August 2013) in terms of option adjusted spreads (OAS).

Finally, the report revealed that Lebanon's weight in the Emerging Markets Eurobond Index dropped to 3.94% as at end of September 2013 down from 4.08% in the previous month. As a result, Lebanon ranked 8th among emerging markets (compared to the 10th place as at end of August 2013) and 3rd in the EMEA region (compared to the 4th position as at end of August 2013) in terms of country allocation weight in the Index.

The following tables shed light on Lebanon's sovereign external debt statistics as well as its rank within the EMEA and emerging markets regions:

Lebanon's Sovereign External Debt				
	August 2013	September 2013	Up to August 2013	Up to September 2013
Returns (%)	-1.19	0.44	-0.67	-0.23
	August 31, 2013	September 30, 2013		
Spreads (bps)	452.0	470.0	-	-
Lebanon's Weight in the Index (%)	4.08	3.94	-	-

Source: Merrill Lynch, Credit Libanais Economic Research Unit

Return on Sovereign External Debt up to September 2013			
Country	Returns (%)	EMEA Rank	Emerging Markets Rank
Ivory Coast	8.16	1	6
Portugal	5.77	2	7
Jordan	5.63	3	8
Hungary	2.95	7	13
Romania	1.30	9	15
Ghana	-0.14	11	17
Lebanon	-0.23	12	18
Bahrain	-2.06	18	26
EMEA	-3.36	-	-
Egypt	-4.61	26	38
Emerging Markets	-5.87	-	-
Namibia	-6.20	31	46
Zambia	-8.14	33	53
Turkey	-9.25	34	56
Ukraine	-9.70	35	57

Source: Merrill Lynch, Credit Libanais Economic Research Unit

OCCUPANCY RATE IN LEBANON'S HOSPITALITY SECTOR REACHES 54% UP TO AUGUST 2013

Ernst & Young published its "Middle East Hotel Benchmark Survey" report on the performance of 4 & 5 stars hotels in the Middle East region during the month of August 2013 in which it conveys a 12 percentage point annual rise in the average occupancy rate within Beirut hotels to 47.0%, up from 35.0% in August 2012. The average room rate, on the other hand, shed 8.5% y-o-y to \$179, with the average room's yield soaring to \$86 up from \$69 in the same month last year.

Performance of Beirut's Hospitality Sector During the Month of

	August-2012	August-2013	Change
Hotel Occupancy Rate (%)	35.0	47.0	+12 pctg point
Average Room Rate (USD)	196	179	-8.5%
Rooms Yield (USD)	69	86	24.0%

Source: Ernst & Young, Credit Libanais Economic Research Unit

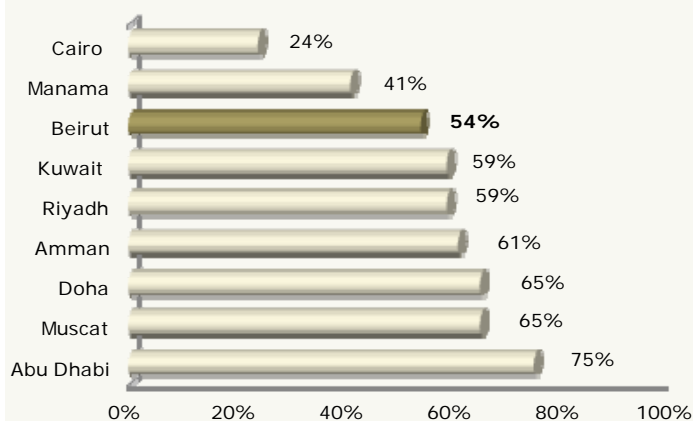
On a cumulative basis, the hospitality benchmark for Lebanon shows a 5% annual contraction in the occupancy rate at 4 & 5 stars hotels in Beirut during the first eight months of the year 2013 to 54% as at end of August, recording as such the 3rd lowest occupancy rate among covered Middle Eastern (MEA) capitals. The average room's rate within 4 & 5 stars hotels in Beirut fell by 19.6% y-o-y to \$167 with the average rooms' yield dropping markedly by 27.2% to \$91. Abu Dhabi outperformed the region with regards to the average occupancy rate, with the latter standing at 75% through August 2013, followed by Muscat-Oman (65%) and Doha-Qatar (65%). Kuwait, on the other hand, charged the highest rooms' rate of \$295 in the region, followed by Doha-Qatar (\$254), Riyadh-Saudi Arabia (\$220), and Muscat-Oman (\$208).

Middle East Hotel Benchmark Survey up to August

Country - Capital	Hotels' Occupancy Rates (%)			Average Room Rates (USD)			Room Yields (USD)		
	2012	2013	Change in % Pts	2012	2013	% Change	2012	2013	% Change
Bahrain - Manama	36.0	41.0	5.00%	210	207	-1.2%	76	86	13.8%
Egypt - Cairo City	36.0	24.0	-12.00%	82	87	6.6%	30	22	-28.0%
Jordan - Amman	72.0	61.0	-11.00%	151	157	4.0%	109	96	-11.9%
Kuwait - Kuwait City	52.0	59.0	7.00%	290	295	1.7%	152	175	14.5%
Lebanon - Beirut	59.0	54.0	-5.00%	208	167	-19.6%	125	91	-27.2%
Oman - Muscat	65.0	65.0	0.00%	200	208	3.8%	131	136	4.3%
Qatar - Doha	64.0	65.0	1.00%	261	254	-2.6%	167	166	-0.8%
Saudi Arabia - Riyadh	56.0	59.0	3.00%	226	220	-2.5%	129	131	1.4%
United Arab Emirates - Abu Dhabi	74.0	75.0	1.00%	187	201	7.6%	139	153	9.7%

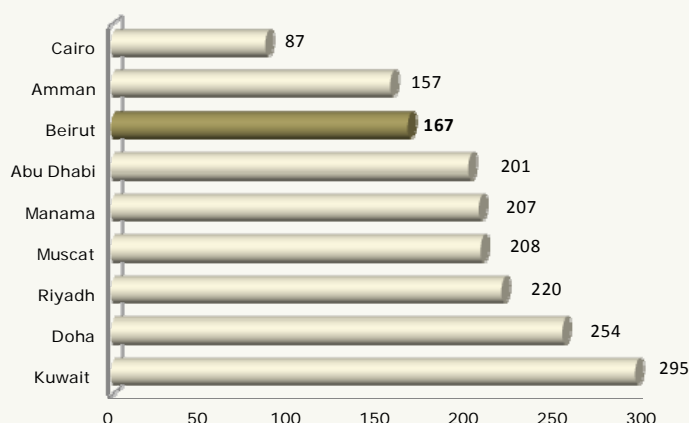
Source: Ernst & Young - Middle East Hotel Benchmark Survey, Credit Libanais Economic Research Unit

Hotels' Occupancy Rate in the Middle East Region Up To August 2013



Source: Ernst & Young, Credit Libanais Economic Research Unit

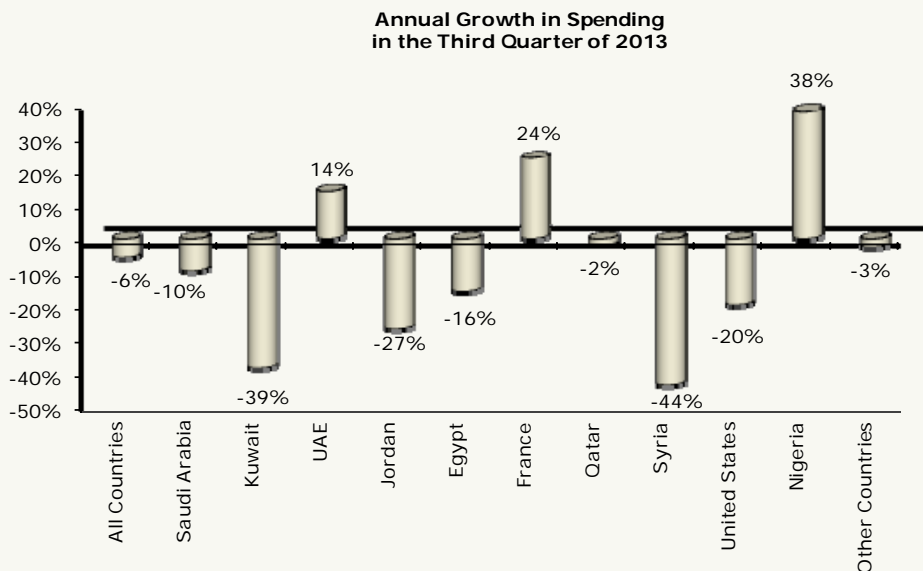
Average Rooms' Rate in the Middle East Region Up To August 2013 (USD)



Source: Ernst & Young, Credit Libanais Economic Research Unit

TAX-FREE SPENDING SLIPS 6% Y-O-Y IN THE THIRD QUARTER OF 2013

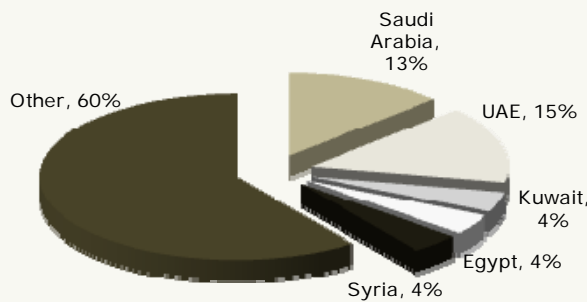
Global Blue, one of the world's leaders in Tax Refund services, published the "Insights into Tourist Spending" report for the third quarter of 2013 conveying some 6% annual contraction in Lebanon's tax-free shopping during the third quarter of 2013. The report conveys that spending by Syrian tourists has dropped 44% in the third quarter of 2013, accompanied by a 39% decline in spending by Kuwaiti nationals, a 27% contraction in Jordanian tourists' spending, and a 20% slip in spending by American tourists. On the other hand, spending by Nigerian and French tourists rose by 38% and 24% on a respective basis, as sketched in the chart below:



Source: Global Blue, Credit Libanais Economic Research Unit

The lion's share of spending goes to UAE tourists (15%), followed by Saudi Arabia (13%), Kuwaiti (4%), Egyptian (4%), and Syrian (4%) visitors.

Total Spending Distribution by Country of Residence in the Third Quarter of 2013



Source: Global Blue, Credit Libanais Economic Research Unit

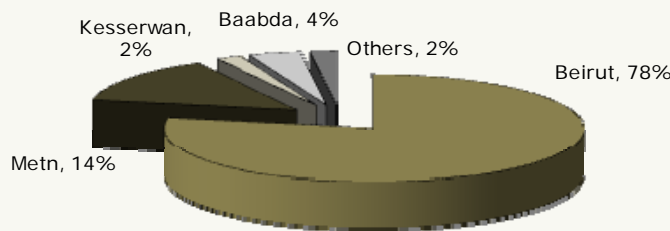
As for the breakdown of spending, "Fashion & Clothing" articles accounted for 71% of tourists' spending, trailed, and by far, by "Watches & Jewellery" items (12%) and "Home & Garden" (4%) appliances. As far as the geographical distribution of spending is concerned, Beirut, which hosts most pertinent shopping malls and brands, amassed 78% of total spending, followed by the Metn (14%), Baabda (4%), and Kesserwan (2%) regions.

Total Spending Distribution by Category in the Third Quarter of 2013

Fashion & Clothing	71%
Watches & Jewelry	12%
Home & Garden	4%
Department Stores	4%
Souvenirs & Gifts	3%
Consumer Electronics & Household Appliances	2%
Others	4%
Total	100%

Source: Global Blue, Credit Libanais Economic Research Unit

Spending Distribution by Area in the Third Quarter of 2013

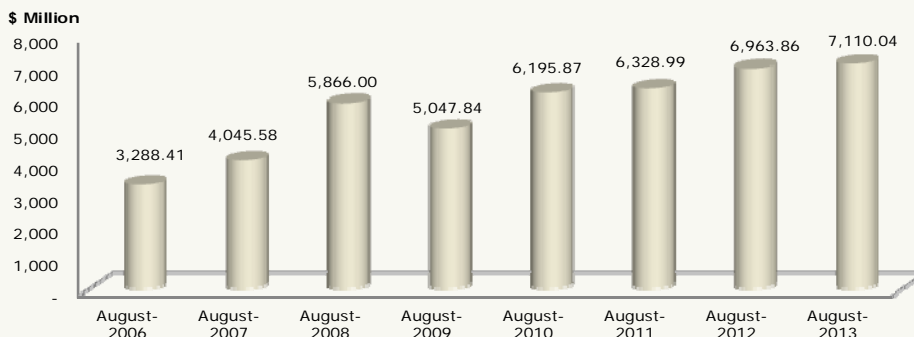


Source: Global Blue, Credit Libanais Economic Research Unit

OPENED LETTERS OF CREDITS INCREASE BY 2.10% Y-O-Y UP TO AUGUST 2013

According to Banque Du Liban statistics, opened letters of credits (L/Cs), a measurement tool for trade activity, dropped by 2.00% during the month of August 2013 to \$678.85 million, down from \$692.73 million in July. Nevertheless, the aggregate value of opened L/Cs rose by 2.10% on an annual basis to \$7.11 billion during the first eight months of the year 2013, from \$6.96 billion during that same period in 2012.

Evolution of Total Opened L/Cs



Source: BDL, Credit Libanais Economic Research Unit

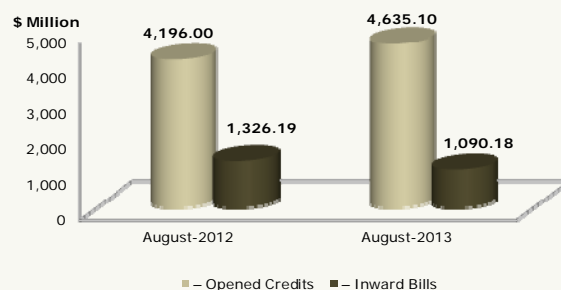
Documentary L/Cs opened to finance imports activities widened by 10.46% y-o-y to \$4.64 billion, from around \$4.20 billion throughout the first eight months of the year 2012. Concurrently, utilized credits for imports surpassed the \$4.71 billion mark up to August, from \$3.82 billion in the same period in 2012. On the other hand, inward bills for collection, another documentary credit form of financing (backed by invoices), shed 17.80% to \$1,090.18 million, down from \$1,326.19 million as at end of August 2012.

Documentary Credits for Imports' Financing for the Eight-Month Period Ending

\$ Million	August-2012	August-2013	Y-O-Y % Change
Documentary L/Cs			
- Opened Credits	4,196.00	4,635.10	10.46%
- Utilized Credits	3,818.23	4,713.29	23.44%
- Outstanding Credits	1,207.00	969.31	-19.69%
Bills For Collection			
- Inward Bills	1,326.19	1,090.18	-17.80%
- Outstanding Bills	168.03	150.15	-10.64%

Source: BDL, Credit Libanais Economic Research Unit

Opened Letters of Credits & Inward Bills For Imports' Financing



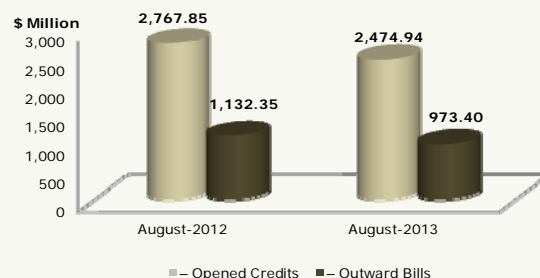
Documentary L/Cs opened to finance exports activities plunged by 10.58% on a yearly basis to \$2.47 billion during the eight-month period ending August 2013, comparing to around \$2.77 billion up to August 2012. In parallel, utilized credits to finance exports fell by 3.81% to reach \$2.50 billion (101.02% of opened L/Cs for exports), from around \$2.60 billion as at end of August 2012. Moreover, outward bills for collection dropped by \$158.95 million y-o-y to settle at \$973.40 million, with the value of outstanding outward bills easing to \$444.35 million, down from \$449.75 million up to August 2012.

Documentary Credits for Exports' Financing for the Eight-Month Period Ending

\$ Million	August-2012	August-2013	Y-O-Y % Change
Documentary L/Cs			
- Opened Credits	2,767.85	2,474.94	-10.58%
- Utilized Credits	2,599.04	2,500.10	-3.81%
- Outstanding Credits	1,207.33	1,260.92	4.44%
Bills For Collection			
- Outward Bills	1,132.35	973.40	-14.04%
- Outstanding Bills	449.75	444.35	-1.20%

Source: BDL, Credit Libanais Economic Research Unit

Opened Letters of Credits & Outward Bills For Exports' Financing

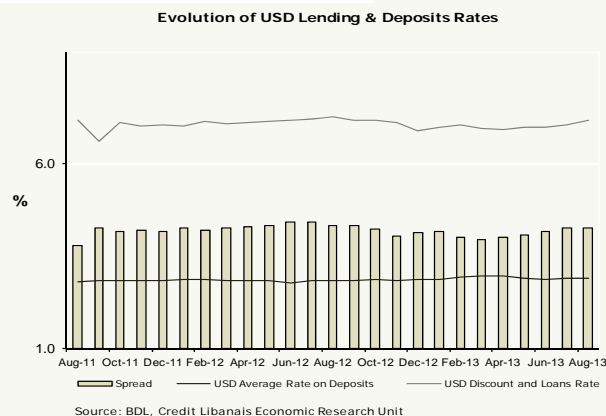
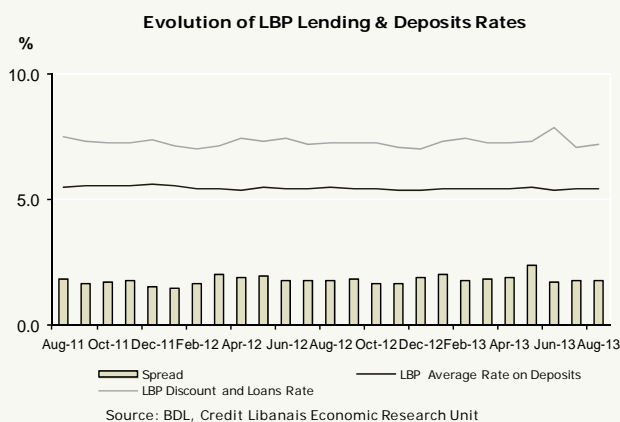


INTEREST RATES ON LEBANESE POUND DENOMINATED DEPOSITS REACH 5.47% IN AUGUST 2013

According to BDL statistics, the average interest rate on Lebanese Pound denominated deposits rose to 5.47% during the month of August 2013, up from 5.43% in July, yet remained below the 5.51% level registered in August 2012. Concurrently, the average interest rate on U.S. Dollar denominated deposits increased to 2.91%, from 2.89% in July and 2.84% in August of last year. Commercial banks' discount and lending rate firmed at 7.24% on LBP denominated loans and 7.16% on USD denominated loans, as elaborated hereunder:

Interest Rate Levels	August 2012		July 2013		August 2013	
	LBP	USD	LBP	USD	LBP	USD
Average Rate on Deposits	5.51%	2.84%	5.43%	2.89%	5.47%	2.91%
Term Savings & Deposits Rate	5.83%	3.29%	5.84%	3.38%	5.87%	3.42%
Discount & Loans Rate	7.27%	7.26%	7.13%	7.02%	7.24%	7.16%

Source: Banque Du Liban, Credit Libanais Economic Research Unit

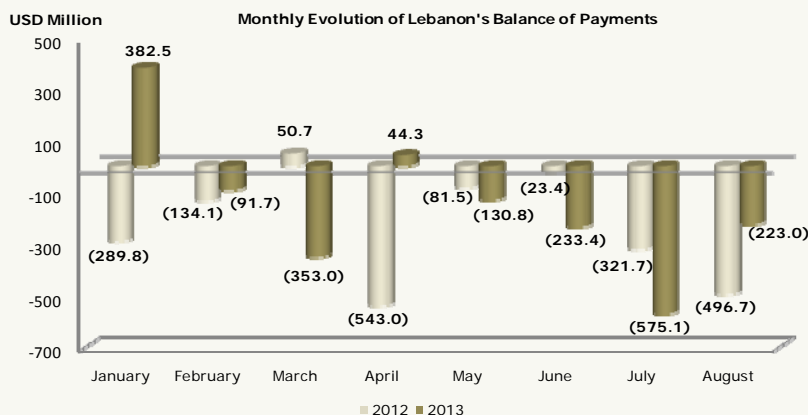
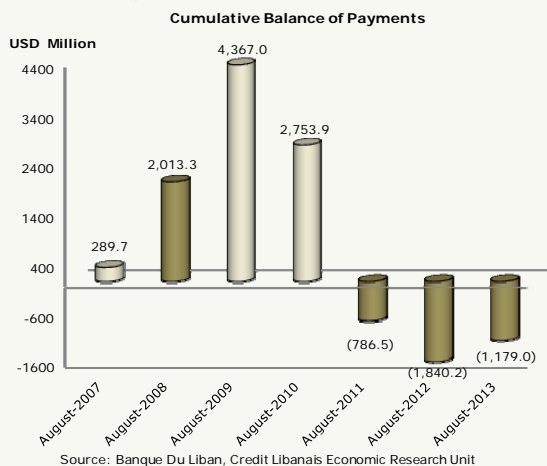


LEBANON'S BALANCE OF PAYMENTS RECORDS A DEFICIT OF \$1,179 MILLION DURING THE FIRST EIGHT MONTHS OF 2013

Lebanon's balance of payments recorded a deficit of \$223 million during the month of August 2013. This compares to a deficit of \$575.1 million in July and \$233.4 million in June. August's aforementioned deficit is the result of a \$298.8 million deficit in net foreign assets at the Lebanese Central Bank, which outweighed the \$76 million surplus in net foreign assets at banks & financial institutions. On a cumulative basis, the deficit in the balance of payments contracted to \$1,179.0 million during the first eight months of 2013, from a larger deficit of \$1,840.2 million accumulated up to the month of August of last year. This deficit is attributed to some \$2.55 billion deficit in net foreign assets at banks and financial institutions, which counterbalanced the \$1.37 billion surplus in net foreign assets at the Central Bank.

Balance of Payments For the Eight-Month Period Ending			
In Millions of USD	August-2012	August-2013	% Change
Central Bank	1,029.8	1,369.0	32.94%
Banks & Financial Institutions	(2,870.0)	(2,548.0)	11.22%
Total	(1,840.2)	(1,179.0)	35.93%

Source: Banque Du Liban, Credit Libanais Economic Research Unit



THE CONSOLIDATED BALANCE SHEET OF LEBANESE FINANCIAL INSTITUTIONS SURPASS \$1.49 BILLION IN AUGUST 2013

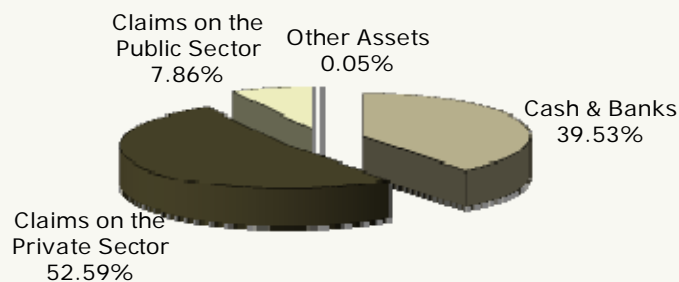
The consolidated balance sheet of financial institutions operating in Lebanon widened by LBP 18.02 billion (\$11.95 million) during the month of August 2013 to LBP 2,255.15 billion (\$1,495.95 million), up from LBP 2,237.13 billion (\$1,484.00 million) in July, and this amid the 6.03% rise in liabilities to the financial sector to LBP 1,066.19 billion (\$707.25 million). The balance sheet of financial institutions expanded at an annual rate of 31.66% up to August 2013 when compared to last year's LBP 1,712.87 billion (\$1,136.23 million) reading. It is worth highlighting that the number of financial institutions incorporated in Lebanon has increased from 29 in the year 2004 to 53 as at year-end 2012. On the lending front, claims on the private sector, which represent 52.59% of financial institutions' assets, rallied by 34.20% y-o-y to LBP 1,186.09 billion (\$786.79 million) as at end of August 2013, up from LBP 883.81 billion (\$586.27 million) as at August-end 2012.

Financial Institutions Consolidated Balance Sheet

USD Million	Aug-2007	Aug-2008	Aug-2009	Aug-2010	Aug-2011	Aug-2012	Aug-2013	Y-O-Y % Change
Assets								
Cash & Banks	179.93	237.97	254.32	271.70	415.35	421.49	591.33	40.29%
Claims on the Private Sector	279.63	411.50	420.20	514.16	568.96	586.27	786.79	34.20%
Claims on the Public Sector	90.49	119.48	129.37	105.18	103.33	109.74	117.65	7.21%
Other Assets	20.49	29.28	32.76	21.08	24.45	18.73	0.18	-99.05%
Total Assets	570.54	798.23	836.66	912.12	1,112.09	1,136.23	1,495.95	31.66%
Liabilities								
Liabilities to the Private Sector	80.71	149.64	155.95	197.31	254.58	274.97	320.28	16.48%
Liabilities to the Financial Sector	246.48	347.34	340.78	347.31	473.55	462.51	707.25	52.92%
Other Financial Liabilities	8.06	8.72	9.60	12.56	13.88	17.72	19.42	9.57%
Capital Accounts	183.92	225.77	251.55	259.13	279.47	327.44	386.49	18.03%
Other Liabilities	51.37	66.76	78.78	95.80	90.61	53.59	62.51	16.64%
Total Liabilities	570.54	798.23	836.66	912.12	1,112.09	1,136.23	1,495.95	31.66%

Source: Banque Du Liban, Credit Libanais Economic Research Unit

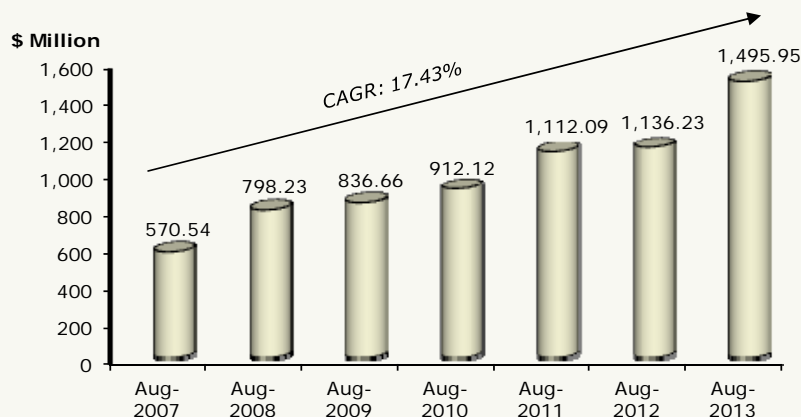
Breakdown of Financial Institutions' Balance Sheet in August 2013



Source: BDL, Credit Libanais Economic Research Unit

In this context, the compounded annual growth rate (CAGR) in the balance sheet of financial institutions has reached 17.43% over the August 2007 – August 2013 period, as sketched in the chart below:

Evolution of Financial Institutions' Assets



Source: BDL, Credit Libanais Economic Research Unit

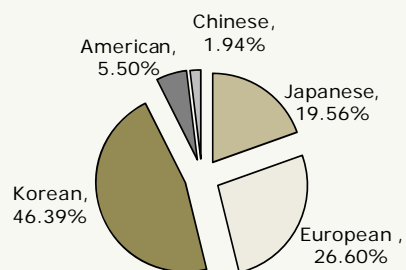
NEW CAR SALES INCREASE BY 1.76% Y-O-Y UP TO SEPTEMBER 2013

According to the latest statistics published by the Automobile Importers' Association (AIA), new car sales in Lebanon plunged by 17.19% y-o-y during the month of September 2013 to 2,592 vehicles, down from 3,130 vehicles in September 2012. On a cumulative basis, however, new car sales rose by 1.76% y-o-y to 26,601 cars as at the end of the first nine months of the year 2013, compared to 26,142 vehicles over that same period in 2012. More specifically, sales of Korean cars increased by 5.35% to 12,341 cars, with American car sales shedding 10.73% to 1,464 vehicles. Consequently, Korean cars continued to outperform other brands, enjoying a market share of 46.39%, followed by European (26.60%), Japanese (19.56%), American (5.50%), and Chinese (1.94%) cars.

New Car Sales in the Nine-Month Period Ending			
	Sep-2012	Sep-2013	% Change
Japanese	5,354	5,203	-2.82%
European	7,126	7,076	-0.70%
Korean	11,714	12,341	5.35%
American	1,640	1,464	-10.73%
Chinese	308	517	67.86%
Total	26,142	26,601	1.76%

Source: AIA, Credit Libanais Economic Research Unit

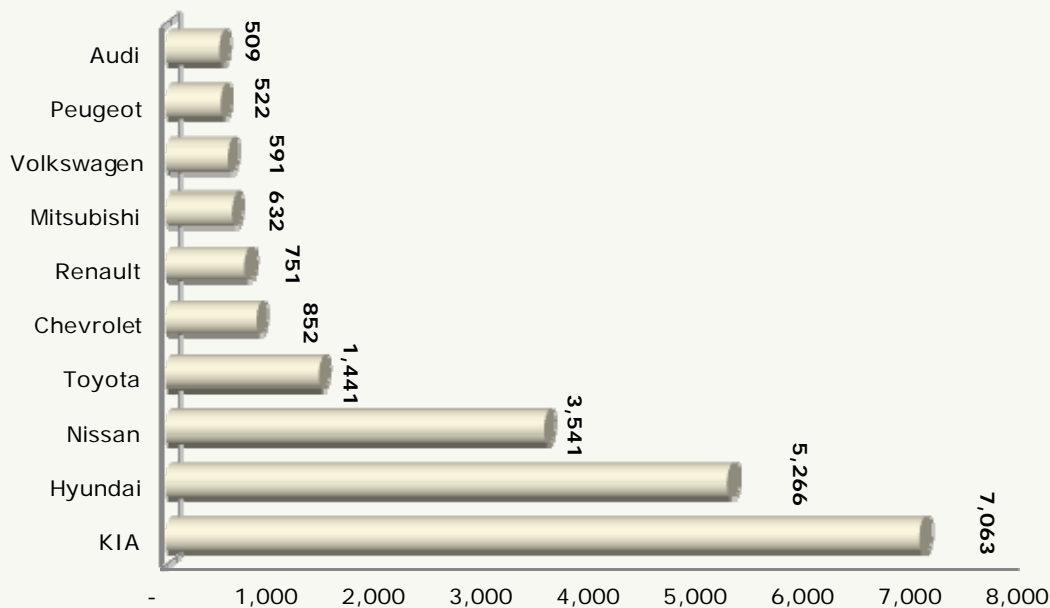
Breakdown of New Car Sales Up to September 2013



Source: AIA, Credit Libanais Economic Research Unit

The Korean "KIA" brand topped the list of new car sales in Lebanon (7,063 cars <26.55%>), followed by the Korean "Hyundai" (5,266 cars <19.80%>) and the Japanese "Nissan" (3,541 cars <13.31%>) brands, as sketched in the chart below:

Top 10 New Car Sales Brands Up to September 2013



Source: AIA, Credit Libanais Economic Research Unit

PUBLIC SECTOR SALARIES, WAGES & RELATED BENEFITS REACH \$1,172.80 MILLION UP TO MAY 2013

The Lebanese Ministry of Finance recently published the Article 13 Monthly Bulletin pertaining to the payments of public salaries, wages, and related benefits during the first five months of the year 2013. Said payments constituted 28% of the government's total primary spending up to the month of May. More particularly, salaries, wages, and related benefits can be broken down into three main constituents, namely basic salaries, indemnities, and allowances. According to the Ministry of Finance, the payments of salaries, wages & related benefits rose by 10.50% y-o-y to LBP 1,768 billion (\$1,172.80 million) in the first five months of 2013, up from LBP 1,600 billion (\$1,061.36 million) during that same period last year. Said increase was mainly buoyed by the higher costs of living adjustments, enlistment of new recruits, and promotion of existing personnel.

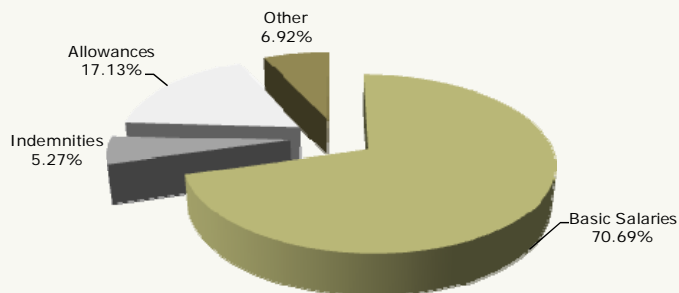
In details, basic public sector salaries widened by 15.98% y-o-y to LBP 1,292 billion (\$857.05 million) up to May 2013, accompanied by a 16.87% annual expansion in indemnities to LBP 97 billion (\$64.34 million). Allowances, on the other hand, remained unchanged year-on-year at LBP 270 billion (\$179.10 million).

Breakdown of Salaries, Wages & Related Benefits										
(USD million)	Basic Salaries		Indemnities		Allowances		Other		Total	
For the Five-Month Period Ending:	May-2012	May-2013	May-2012	May-2013	May-2012	May-2013	May-2012	May-2013	May-2012	May-2013
Military Personnel, of which:	445.77	538.64	20.56	21.23	177.78	177.78	1.33	0.66	645.44	738.97
Army	275.95	345.61	13.27	13.27	112.77	113.43	0.66	0.00	402.65	472.97
Internal Security Forces	120.07	153.90	6.63	6.63	51.74	51.08	0.00	0.00	177.78	211.61
General Security Forces	22.55	29.85	0.66	0.66	7.30	9.29	0.66	0.66	31.18	41.13
State Security Forces	27.20	9.29	0.66	0.66	5.97	3.98	0.00	0.00	33.17	13.27
Education Personnel	187.06	222.22	15.92	22.55	0.00	0.00	0.00	0.00	202.99	244.11
Civilian Personnel, of which:	106.14	96.19	18.57	20.56	1.33	1.33	70.98	57.71	197.01	175.79
Employees Cooperative	-	-	-	-	-	-	60.36	46.43	60.36	46.43
Customs Salaries	-	-	-	-	-	-	-	-	15.92	13.93
Total	738.97	857.05	55.06	64.34	179.10	179.10	72.31	58.37	1,061.36	1,172.80

Source: Lebanese Ministry of Finance, Credit Libanais Economic Research Unit

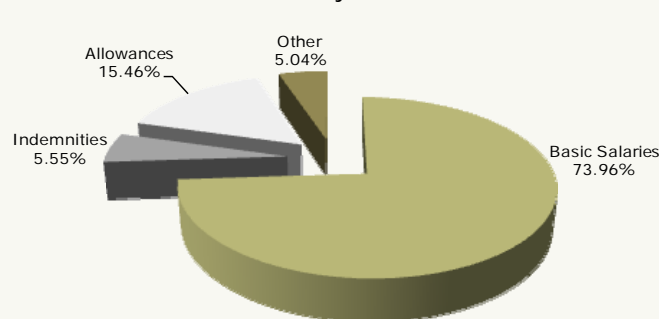
Basic salaries accounted for 73.96% of total public sector salaries & benefits in the first five months of 2013, comparing to a lower 70.69% share a year before, with the share of allowances contracting to 15.46%, down from 17.13% up to May 2012.

Breakdown of Salaries, Wages & Related Benefits Up to May 2012



Source: Ministry of Finance, Credit Libanais Economic Research Unit

Breakdown of Salaries, Wages & Related Benefits Up to May 2013



Source: Ministry of Finance, Credit Libanais Economic Research Unit

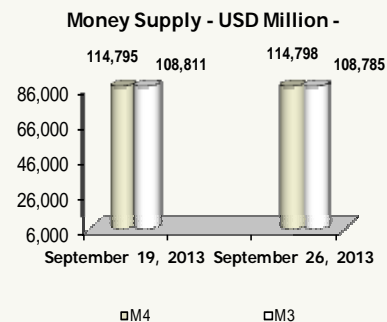
MONETARY AGGREGATES

On the monetary front, the overall money supply, "M4", remained almost unchanged week-on-week at around \$114.80 billion during the week of September 26, 2013, despite the \$28.52 million week-on-week expansion in the non-banking sector treasury bills portfolio.

On the other hand, Lebanese-pound denominated deposits and currency in circulation, "M1", shed \$24.91 million to \$4.62 billion, owing to the \$61.69 million contraction in money in circulation, which offset the \$36.48 million hike in demand deposits. In parallel, local currency term deposits, "M2", rose shyly by \$8.21 million week-on-week, yet registered a 5.97% year-on-year increase to settle at \$44.28 billion. Consequently, private sector term and saving deposits denominated in LBP ("M2- M1") inched slightly higher to \$39.66 billion, with deposits denominated in foreign currencies ("M3-M2") inching slightly lower to \$64.50 billion.

Money Supply USD Million	September 19, 2013	September 26, 2013	% Change
M1	4,641	4,617	-0.54%
M2	44,271	44,279	0.02%
M3	108,811	108,785	-0.02%
M4	114,795	114,798	0.003%
M2-M1	39,630	39,663	0.08%
M3-M2	64,540	64,506	-0.05%

Source: Banque Du Liban, Credit Libanais Economic Research Unit



Source: BDL, Credit Libanais Economic Research Unit

MONEY MARKETS

The October 10th Treasury bill auction raised LBP 123.74 billion (\$82.08 million), down from around LBP 265.75 billion (\$176.29 million) in the previous auction held on the 3rd of October. The auction resulted in a surplus over nominal subscription of LBP 79.38 billion (\$52.66 million), in comparison with a surplus of LBP 90.27 billion (\$59.88 million) in the auction of the preceding week.

Subscriptions were majority (86.17%) concentrated in the six-month to maturity bills, followed by the five-year (6.95%) and three-month (6.87%) tenure bills.

The weighted average yield on Lebanese Pound Treasury bills dropped to 5.07% during the auction of October 10, down from 8.40% during the latest auction of same maturities held on the 26th of September 2013, at a time when the Ministry of Finance issued new ten and twelve-year tenure bills. The yields on the three-month, six-month, and five-year T-bills remained unchanged at 4.44%, 4.99%, and 6.75% respectively.

October 03, 2013 Auction				October 10, 2013 Auction			
Lebanese Treasury Bills	Yield (%)	Face Value (in billions of LBP)	% of Total Face Value	Lebanese Treasury Bills	Yield (%)	Face Value (in billions of LBP)	% of Total Face Value
12 Months	5.35%	34.243	12.89%	3 Months	4.44%	8.505	6.87%
24 Months	5.84%	3.500	1.32%	6 Months	4.99%	106.630	86.17%
36 Months	6.50%	228.007	85.80%	60 Months	6.75%	8.605	6.95%
Total		265.750	100%	Total		123.740	100%

Source: Reuters, Credit Libanais Economic Research Unit

Lebanese Treasury Bills	3 Months	6 Months	12 Months	24 Months	36 Months	60 Months	84 Months	96 Months	120 Months	144 Months
Treasury Yield	4.44%	4.99%	5.35%	5.84%	6.50%	6.75%	7.50%	7.80%	8.24%	8.74%



FIXED INCOME

Prices fluctuated on the Eurobond market this week despite the increasing supply of Eurobonds. In figures, Lebanon's five-year credit default swap contracted to 392.5 basis points (bps), down from 397.5 bps, with static spreads narrowing to 428.91 bps, down from 444.43 bps in the previous week.

LEBANESE EUROBONDS							
Lebanese Eurobonds	Currency	Coupon	Maturity	Bid	Ask	Bid Yield	Bid Static Spread
Government Eurobonds							
Republic of Lebanon	USD	7.375%	Apr-14	101.43	101.75	4.400%	412
Republic of Lebanon	USD	9.000%	May-14	102.43	102.79	4.400%	412
Republic of Lebanon	USD	5.875%	Jan-15	101.64	102.37	4.500%	415
Banque Du Liban	USD	10.000%	Apr-15	107.70	108.93	4.700%	431
Republic of Lebanon	USD	8.500%	Aug-15	105.95	107.11	5.000%	457
Republic of Lebanon	USD	8.500%	Jan-16	107.04	108.14	5.150%	462
Republic of Lebanon	USD	11.625%	May-16	115.00	117.00	5.290%	468
Republic of Lebanon	USD	4.750%	Nov-16	98.50	99.50	5.290%	451
Republic of Lebanon	USD	4.000%	Dec-17	98.50	99.50	4.390%	315
Republic of Lebanon	USD	9.000%	Mar-17	110.50	112.00	5.590%	468
Republic of Lebanon	USD	5.000%	Oct-17	97.50	98.50	5.710%	456
Republic of Lebanon	USD	5.150%	Nov-18	97.25	98.25	5.780%	424
Republic of Lebanon	USD	5.350%	Nov-18	99.00	101.00	5.580%	429
Republic of Lebanon	USD	6.000%	May-19	98.50	99.50	6.320%	462
Republic of Lebanon	USD	5.450%	Nov-19	94.75	95.75	6.500%	463
Republic of Lebanon	USD	6.375%	Mar-20	99.25	100.25	6.520%	458
Republic of Lebanon	USD	8.250%	Apr-21	108.50	109.50	6.780%	462
Republic of Lebanon	USD	6.100%	Oct-22	96.00	97.00	6.700%	420
Republic of Lebanon	USD	6.000%	Jan-23	94.38	95.38	6.830%	427
Republic of Lebanon	USD	7.000%	Dec-24	102.00	103.00	6.740%	396
Republic of Lebanon	USD	6.250%	Jun-25	95.50	96.00	6.810%	395
Republic of Lebanon	USD	6.600%	Nov-26	97.75	98.75	6.860%	388
Republic of Lebanon	USD	6.750%	Nov-27	97.88	98.88	6.990%	394

Source: Credit Libanais Capital Markets

LEBANESE EQUITIES

Activity on the Beirut Stock Exchange (BSE) remained calm this week amid the sustained political stalemate that kept investors on the sidelines. In fact, the number of shares changing hands fell to 273,091, down from 588,073 shares last week, with value traded slipping to around \$1.57 million, down from \$3.89 million a week before. Byblos Bank Listed Shares amassed the lion's share of weekly traded volume (i.e. 60.59%), with a total of 165,471 stocks traded.

The average daily trading value contracted to \$0.31 million this week, from nearly \$0.78 million last week. Concurrently, the average daily trading volume notched lower to 54,618 shares, down from 117,615 shares in the previous week.

The Credit Libanais Aggregate Stock Index ("CLASI") rose by 0.31% week-on-week to 1,003.07. In parallel, six gainers and one loser were spotted this week, lifting market capitalization up by 0.28% to around \$10.52 billion.

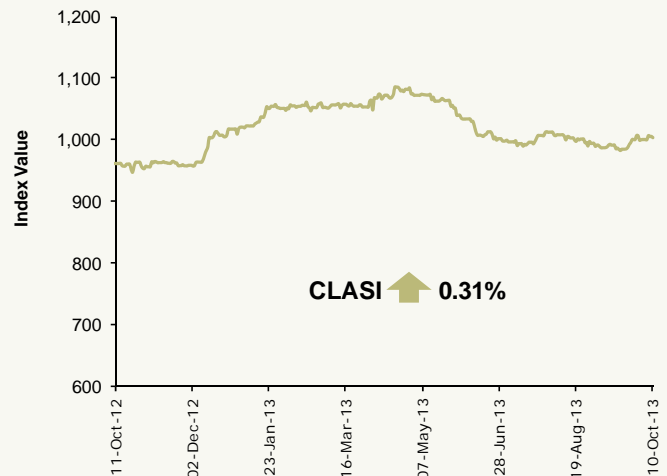
In the real estate sector, the price of Solidere "A" shares came in 0.43% higher for the week at \$11.55, with that of Solidere "B" shares dropping by 1.04% to \$11.37. In parallel, the price of Holcim Liban rose by 4.61% week-on-week to \$14.98 on a volume of 1,611 shares. Consequently, the Credit Libanais Construction Sector Stock Index ("CLCI") posted a 0.46% weekly expansion to close at 630.23.

In the banking sector, the Credit Libanais Financial Sector Stock Index ("CLFI") ended the week on a positive note, rising by 0.27% amid the 0.82% appreciation in the price of the largest market-cap weighted Bank Audi Listed Share to \$6.15.

Credit Libanais Indices	Previous 04-Oct-2013	Closing 11-Oct-2013	Weekly % Change
Credit Libanais Aggregate Stock Index <.CLASI>	999.94	1,003.07	0.31%
Credit Libanais Financial Sector Stock Index <.CLFI>	1,239.38	1,242.68	0.27%
Credit Libanais Construction Sector Stock Index <.CLCI>	627.37	630.23	0.46%

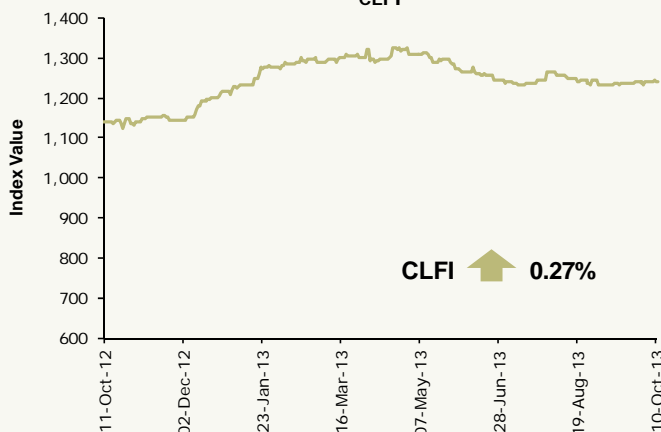
Source: Credit Libanais Economic Research Unit

Credit Libanais Aggregate Stock Index
Weekly Performance
CLASI

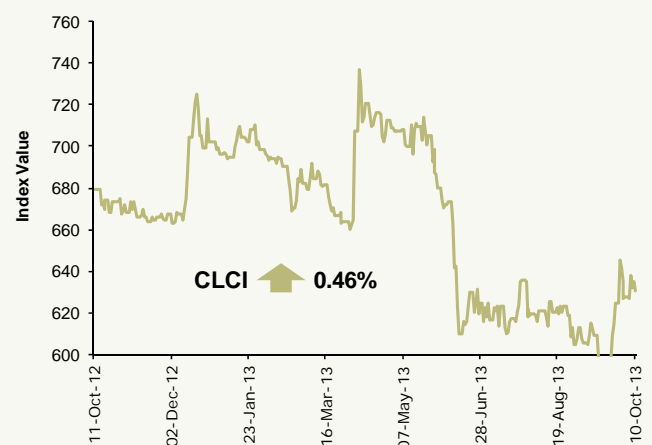


.CLASI Credit Libanais Aggregate Stock Index Friday, October 11, 2013			
Value	Daily % Chng	Daily Net Chng	
1,003.07	-0.20%	-2.00	
Yr.High	Year Hi.Date	Yr.Low	Year.Lo.Date
1,085.93	19-Apr-13	981.97	19-Sep-13
Life High	Life Hi.Date	Life Low	Life.Lo.Date
1,801.01	7-Jul-08	836.11	25-Mar-09

Credit Libanais Financial Sector Stock Index
Weekly Performance
CLFI



Credit Libanais Construction Sector Stock Index
Weekly Performance
CLCI



Lebanese Equities									
BEIRUT STOCK EXCHANGE	Weekly		Weekly	Weekly	Total	Market		YTD Price	
	Closing	%Change	Volume Traded	Value Traded	Listed Shares	Capitalisation (\$'000)	P/E	P/BV	Perf.
Solidere A	\$11.55	0.43%	47,512	\$550,460	100,000,000	\$1,155,000	10.46	1.10	-11.15%
Solidere B	\$11.37	-1.04%	23,687	\$273,495	65,000,000	\$739,050	10.29	1.08	-12.06%
BLC Bank	\$1.95	0.00%	-	-	51,033,333	\$99,515	8.86	1.30	7.73%
BLC Bank Preferred Class "A"	\$100.00	0.00%	-	-	400,000	\$40,000	n.a	n.a	-1.96%
BLC Bank Preferred Class "B"	\$100.00	0.00%	-	-	550,000	\$55,000	n.a	n.a	-1.96%
BLC Bank Preferred Class "C"	\$100.00	0.00%	-	-	350,000	\$35,000	n.a	n.a	0.00%
Bank Audi - Listed Shares	\$6.15	0.82%	10,090	\$61,948	349,749,204	\$2,150,958	6.09	0.99	0.99%
Bank Audi GDR	\$6.49	0.00%	-	-	102,017,651	\$662,095	6.43	1.04	3.18%
Bank Audi Preferred "E"	\$101.50	0.00%	-	-	1,250,000	\$126,875	n.a	n.a	1.50%
Bank Audi Preferred "F"	\$100.10	0.00%	-	-	1,500,000	\$150,150	n.a	n.a	0.10%
Bank Audi Preferred "G"	\$100.00	0.00%	-	-	1,500,000	\$150,000	n.a	n.a	0.00%
Bank Audi Preferred "H"	\$100.00	0.00%	-	-	750,000	\$75,000	n.a	n.a	0.00%
Bank Of Beirut - Listed Shares	\$19.00	0.00%	79	\$1,501	16,822,467	\$319,627	11.66	1.60	0.00%
Bank Of Beirut Preferred "E"	\$25.65	0.00%	-	-	2,400,000	\$61,560	n.a	n.a	-0.19%
Bank Of Beirut Preferred "H"	\$26.00	1.13%	8,219	\$213,686	5,400,000	\$140,400	n.a	n.a	0.00%
Bank Of Beirut Preferred "I"	\$25.80	0.19%	581	\$14,990	5,000,000	\$129,000	n.a	n.a	3.20%
Byblos Bank - Listed Shares	\$1.50	0.00%	165,471	248,207	565,515,040	\$848,273	7.14	0.73	-5.66%
Byblos Bank Preferred Class 2008	\$100.00	0.00%	70	\$7,000	2,000,000	\$200,000	n.a	n.a	-1.67%
Byblos Bank Preferred Class 2009	\$100.20	0.20%	521	\$52,204	2,000,000	\$200,400	n.a	n.a	-1.86%
Byblos Bank GDR	\$72.00	0.00%	-	-	1,309,078	\$94,254	6.86	0.70	2.86%
BEMO Bank - Listed Shares	\$1.84	0.00%	-	-	51,400,000	\$94,576	20.44	1.20	-2.65%
BEMO Bank Preferred	\$101.00	0.00%	-	-	200,000	\$20,200	n.a	n.a	1.00%
BLOM Bank GDR	\$8.60	0.00%	-	-	73,896,010	\$635,506	5.48	0.94	8.18%
BLOM Bank Listed Shares	\$8.25	0.00%	15,250	\$125,890	215,000,000	\$1,773,750	5.25	0.90	5.10%
BLOM Bank Preferred Class 2011	\$10.17	0.00%	-	-	20,000,000	\$203,400	n.a	n.a	0.00%
RYMCO Class "B"	\$3.50	0.00%	-	-	10,920,000	\$38,220	28.71	1.80	32.58%
Holcim Liban	\$14.98	4.61%	1,611	\$23,294	19,516,040	\$292,350	16.3	1.41	-4.89%
Ciment Blancs Bearer	\$3.23	0.00%	-	-	6,000,000	\$19,380	11.54	1.81	-0.92%
Ciment Blancs Nominal	\$3.24	0.00%	-	-	3,000,000	\$9,720	11.57	1.82	-1.82%

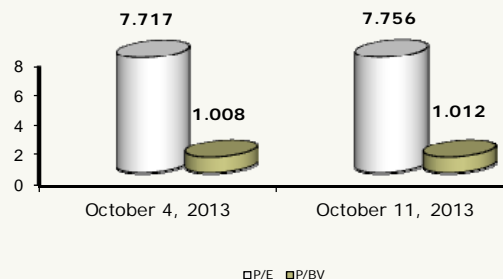
Note: n.a stands for not applicable

Source: Beirut Stock Exchange, Credit Libanais Economic Research Unit

Activity Analysis			
	Previous	Last	% Change
Value Traded (\$)	3,885,732	1,572,674	-59.53%
Volume Traded	588,073	273,091	-53.56%
Average Daily Trading Value (\$)	777,146	314,535	-59.53%
Average Daily Trading Volume	117,615	54,618	-53.56%
Market Cap - BSE (\$)	10,489,473,127	10,519,257,173	0.28%
Weighted Average P/E	7.717	7.756	0.51%
Weighted Average P/BV	1.008	1.012	0.40%

Source: Beirut Stock Exchange, Credit Libanais Economic Research Unit

Evolution of Beirut Bourse Comparable Benchmarks



Source: BSE, Credit Libanais Economic Research Unit

The weighted average price to earning (P/E) and price to book (P/BV) multiples of the Beirut Bourse ended their week higher at 7.75x and 1.012x on a respective basis.

Recap of Lebanon's Major Indicators

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
MACROECONOMIC INDICATORS											
GDP (\$ Billion)	18.84	20.26	20.40	20.69	22.42	24.35	26.54	28.40	28.83*	29.26*	29.84*
Real GDP Growth Rate	170%	7.50%	0.70%	140%	8.40%	8.60%	9.00%	7.00%	150%	150%	2.00%
GDP Per Capita (\$)	5,086	5,397	5,434	5,503	5,965	6,395*	6,881*	7,268*	7,283*	7,297*	7,347*
Net Foreign Direct Investment (\$ Billion)	2.99	1.99	2.79	2.68	3.38	4.33	4.84	4.96	3.40	2.30	3.79
FDI/GDP Ratio	15.87%	9.84%	13.68%	12.96%	15.06%	17.78%	18.23%	17.46%	11.79%	7.86%	12.71%
INDUSTRY											
Industrial Exports (\$ Million)	1087	1467	1667	1738	2,361	2,994	2,645	3,291	3,520	2,952	1969.6 ⁽⁸⁾
Import of Industrial Machinery (\$ Million)	109	142	137	130	163	188	199.13	227.5	238.60	288.12	133.8 ⁽⁸⁾
TOURISM											
Total Number of Tourists	105,793	1278,469	1,199,524	1,062,635	1,017,072	1,332,551	1,851,081	2,167,989	1,655,051	1,365,845	899,079 ⁽⁷⁾
Growth in Tax-Free Spending	N.A.	N.A.	2%	-5%	17%	56%	13%	21%	10%	-6%	-6% ⁽⁸⁾
REAL ESTATE											
Value of Real Estate Transactions (\$ Million)	2,882.6	2,883.0	3,295.9	3,120.3	4,174.8	6,443.7	6,958.4	9,478.8	8,841.0	9,175	5,312 ⁽⁷⁾
Number of Real Estate Sales Transactions	47,118	50,582	50,057	49,051	65,681	80,018	83,465	94,202	82,984	74,569	43,883 ⁽⁷⁾
Construction Permits (000 sqm)	7,196	7,719	7,928	7,532	7,919	14,281	11,509	15,187	13,980	12,362	6,816 ⁽⁷⁾
Cement Delivery (000 tons)	2,704	2,729	3,040	3,423	3,945	4,219	4,897	5,227	5,550	5,309	2,106 ⁽⁴⁾
TRANSPORTATION											
Beirut Port: Freight Activity (000 Tons)	4,767	5,060	4,476	4,226	5,318	5,746	5,769	6,469	6,677	7,225	5,492 ⁽⁷⁾
Beirut Airport: Number of Passengers (million)	2.72	3.2	3.18	2.74	3.41	3.87	4.74	5.55	5.65	5.96	4.28 ⁽⁷⁾
FOREIGN TRADE											
Imports (\$ Million)	7,168	9,397	9,340	9,398	11,815	16,137	16,242	17,964	20,158	21,280	14,339 ⁽⁷⁾
Exports (\$ Million)	1,524	1,747	1,880	2,283	2,816	3,478	3,484	4,253	4,265	4,483	2,875 ⁽⁷⁾
Trade Balance (\$ Million)	(5,644)	(7,650)	(7,460)	(7,115)	(8,999)	(12,658)	(12,758)	(13,711)	(15,893)	(16,797)	(11,464) ⁽⁷⁾
BALANCE OF PAYMENTS											
Balance of Payments (\$ Million)	3,385	168	747	2,792	2,037	3,460.60	7,899.00	3,325.20	(1,996)	(1,537)	(1,179) ⁽⁷⁾
Foreign Assets (\$ Billion)	12.18	11.48	11.66	12.97	12.39	19.73	28.30	30.85	32.24	35.74	48.07 ⁽⁸⁾
PUBLIC FINANCE											
Government Expenditures (\$ Million)	7,027	6,992	6,768	7,880	8,350	9,922	11,388	11,336	11,675	13,321	6,753 ⁽⁵⁾
Government Revenues (\$ Million)	4,415	4,984	4,912	4,853	5,804	7,000	8,428	8,414	9,333	9,396	4,854 ⁽⁵⁾
Budget Primary Deficit / Surplus (\$ Million)	1515	1,851	1,802	1,335	1,787	2,730	3,380	1,203	1,662	(110)	17 ⁽⁵⁾
Total Deficit (\$ Million)	(2,612)	(2,008)	(1,856)	(3,027)	(2,546)	(2,921)	(2,960)	(2,894)	(2,342)	(3,925)	(1,899) ⁽⁵⁾
Deficit / GDP Ratio	13.86%	9.91%	8.61%	14.63%	11.35%	10.10%	11.15%	10.19%	5.65%	8.74%	17.53%
Debt Service / GDP Ratio	16.33%	12.43%	10.88%	13.47%	13.08%	12.16%	15.21%	14.52%	9.66%	8.50%	10.50%
Net Public Debt (\$ Billion)	31.36	32.98	34.76	37.42	39.02	41.50	44.11	45.01	46.35	49.12	51.74 ⁽⁷⁾
Gross Public Debt/GDP Ratio	168.50%	167.00%	175.70%	179.90%	167.80%	162.50%	192.71%	165.17%	129.38%	128.49%	172.50%
MONETARY AGGREGATES & INFLATION											
M4 (\$ Billion)	46.63	49.63	51.59	56.08	63.56	72.58	87.08	97.31	103.5	110.0	114.80 ⁽⁸⁾
(M2-M1) (\$ Billion)	15.51	15.22	14.27	13.37	14.11	21.93	31.14	35.66	35.82	39.32	39.66 ⁽⁸⁾
Monetization Level (M2/GDP Ratio)	87.90%	80.27%	74.24%	69.39%	65.76%	85.55%	128.88%	138.47%	96.01%	97.67%	100.00%
change in CPI (%)	3.00%	1.70%	-2.60%	5.60%	9.30%	6.36%	4.20%	6.19%	4.27%	4.68%	2.46%
BANKING SYSTEM											
Number of Commercial Banks	52	53	54	54	54	53	53	54	54	54 ⁽¹⁾	54 ⁽¹⁾
Number of Branches	809	799	825	830	847	860	885	912	948	942 ⁽¹⁾	942 ⁽¹⁾
Total Assets (\$ Million)	59,895	67,786	70,325	76,179	82,255	94,255	115,250	128,925	140,576	151,883	158,563 ⁽⁷⁾
Total Deposits (\$ Million)	49,362	55,835	58,117	61,541	68,059	78,663	96,821	108,601	117,703	127,657	134,186 ⁽⁷⁾
Loans to the Private Sector (\$ Million)	14,929	15,934	16,230	17,201	20,425	25,039	28,374	34,929	39,375	43,452	45,569 ⁽⁷⁾
Customer Loans/ Deposits	30.24%	28.54%	27.93%	27.95%	30.01%	31.83%	29.31%	32.16%	33.45%	34.04%	33.74%
Dollarization Rate	65.02%	68.78%	71.71%	75.16%	77.34%	69.57%	64.46%	63.24%	65.92%	64.82%	65.74%
Net Profit - After Tax (\$ Million)	448	463	580	754	962	1,215	1,429	1,838	1,743	1,620	845 ⁽⁸⁾
Exchange Rate (LBP to USD)	1507.50	1507.50	1507.50	1507.50	1507.50	1507.50	1507.50	1507.50	1507.50	1507.50	1507.50

* Figures Reflect IMF Estimates

(1) As At End of June, 2012, (2) As At End of March, 2013, (3) As At End of April, 2013, (4) As At End of May, 2013, (5) As At End of June, 2013, (6) As At End of July, 2013, (7) As At End of August, 2013, (8) As At September 26, 2013 (9) As At End of September, 2013

Republic Of Lebanon Sovereign Ratings

Rating Agency	Tenor	Rating	Outlook
Standard & Poor's	Long-Term	B	Negative
	Short-Term	B	
Moody's Investors Service Ltd.	Long-Term	B1	Negative
Fitch IBCA Ltd.	Long-Term	B	Stable
	Short-Term	B	

Source: Moody's Investors Service, Standard & Poor's, Fitch IBCA Ltd.

Lebanese Banks' Latest Ratings

Rated Banks	Moody's Investors Service			Capital Intelligence		Fitch Ratings	
	Long Term Foreign Currency	Financial Strength	Outlook	Long Term Foreign Currency	Outlook	Long Term IDR	Outlook
Bank Audi-Saradar	B1	D-	Negative	B	Stable	B	Stable
BLOM Bank	B1	D-	Negative	B	Stable	-	-
Credit Libanais	-	-	-	B	Stable	-	-
Byblos Bank	B1	D-	Negative	B	Stable	B	Stable
BBAC	-	-	-	B	Stable	-	-
Fransabank	-	-	-	B	Stable	-	-
Bank of Beirut	B1	D-	Negative	-	-	-	-

Sources: Moody's Investors Service, Capital Intelligence, Fitch Ratings

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