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The LEBANON WEEKLY MONITOR

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Public finances statistics for full-year 2018 (released this week) point to a noticeable expansion of the government deficit as a result of a relative stagnation in public revenues, mainly tied to the economic sluggishness amid weak real sector activity, along with a noticeable growth in public expenditures by 15.7% as a result of the public wage scale.

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p.9 BOND PRICES UP AFTER QATARI PURCHASE ANNOUNCEMENT

Amid international calls to approve Lebanon's budget swiftly, extended discussions on ways to refinance Tbs at lower interest rates, and the Qatari statement on the purchase of Lebanese Eurobonds, Lebanon's capital markets witnessed this week contractions in spreads on the Eurobond market, price gains on the equity market, and continuous net FC conversions on the FX market. In details, an announcement made by Qatari officials that the country has bought some Lebanese Eurobonds in a planned US\$ 500 million investment in Lebanese debt, has given a boost to the fixed income market and triggered price gains across different tenors. This was reflected by a 9 bps contraction in the weighted average bid Z-spread to reach 870 bps. In parallel, Lebanese equities pursued their upward trajectory, as reflected by a 1.2% increase in the BSE price index, while activity remained quite shy. Finally, the FX market continued to see net FC conversions, while BDL is assumed to have intervened as a seller of US dollar to meet conversion needs.

LEBANON MARKETS: WEEK OF JUNE 24 - JUNE 30, 2019

Money Market	↔	BSE Equity Market	↑
LP Tbs Market	↓	Eurobond Market	↑
LP Exchange Market	↔	CDS Market	↑

ECONOMY

FISCAL DEFICIT AT 11% OF GDP IN 2018, BUT BUDGETED AT 7.6% IN 2019

Public finances statistics for full-year 2018 (released this week) point to a noticeable expansion of the government deficit as a result of a relative stagnation in public revenues, mainly tied to the economic sluggishness amid weak real sector activity, along with a noticeable growth in public expenditures by 15.7% as a result of the public wage scale.

A detailed look at public finance statistics over last year shows that public revenues went down by circa 1% from US\$ 11.6 billion in 2017 to US\$ 11.5 billion in 2018, while public expenditures reported a growth from US\$ 15.4 billion to US\$ 17.8 billion between the two periods. Accordingly, the public finance deficit expanded from a low base of US\$ 3.8 billion in 2017 to US\$ 6.2 billion in 2018, to reach 11.1% of GDP, compared to 7.0% of GDP in 2017. As such, and within the context of a relative rise in debt service, the primary balance shifted from a surplus of US\$ 1,428 million to a primary deficit of US\$ 636 million over the year 2018, its first primary deficit since 2013.

It is worth mentioning that the noticeable growth in public expenditures was tied to budget expenditures that rose by 16.2% and Treasury expenditures that went up by 9.9%. The growth in budget expenditures was realized as a result of a 20.9% hike in general expenditures within the context of a 32.3% rise in Treasury transfers to EDL amid rising oil prices and an 8.2% increase in interest payments. In parallel, the rise in Treasury expenditures came within the context of a hike in expenditures by municipalities of 38.2% over the year 2018.

On the other hand, the slight decline in public revenues came within the context of a 0.4% decline in budget revenues coupled with a 4.8% drop in Treasury revenues. This relative stagnation in budget revenues was the result of a slight growth of 3.1% in tax revenues along with a drop of 11.5% in non-tax revenues. The growth in tax revenues was mainly tied to a 10.5% growth in VAT (following the increase of the VAT standard rate by 1% in 2018, from 10% to 11%), a 2.3% growth in miscellaneous tax revenues, and a 6.4% decline in customs revenues. The drop in non-tax revenues was mainly tied to Telecom revenues that decreased by 16.6% over the year.

Within this context, the 2019 budget proposal, currently debated by Parliament, has envisaged a reduction in the deficit ratio to 7.6% of GDP this year as a result of freezing public sector employment, reducing public sector allowances, putting a ceiling on public sector benefits so as not to exceed the basic salary, putting a ceiling on the number of months of salaries for public servants (13 months), making income taxes more progressive to reach a ceiling of 25% rather than 20% currently, imposing a 2% tax on all imports, raising the withholding tax on interest from 7% to 10% and canceling exemption from custom duties except those subject to international agreements, in addition to decreasing the consumption spending of Ministries by 20%, among other measures.

Those measures can help reduce budget deficit noticeably this year, within the context of targeted overall softlanding efforts in public finances in the medium to long term. As such, the budget does fulfill the first yearly Government commitment to Cedre, hinging over a reduction of 5% in deficit to GDP in a 5-year period.

VALUE OF CLEARED CHECKS DOWN BY A YEARLY 15.5% IN FIRST FIVE MONTHS OF 2019

The total value of cleared checks, an indicator of consumption and investment spending in the Lebanese economy, declined by 15.5% year-on-year in the first five months of 2019 pointing to a relative deceleration in spending during the aforementioned period.

The value of cleared checks reached US\$ 23,409 million in the first five months of 2019, against US\$ 27,693 million in the same period of 2018.

A breakdown by currency shows that the banks' clearings in Lebanese pounds amounted to LP 13,163 billion (-2.5%) in the first five months of 2019 while those in FC amounted to US\$ 14,677 million (-21.7%).

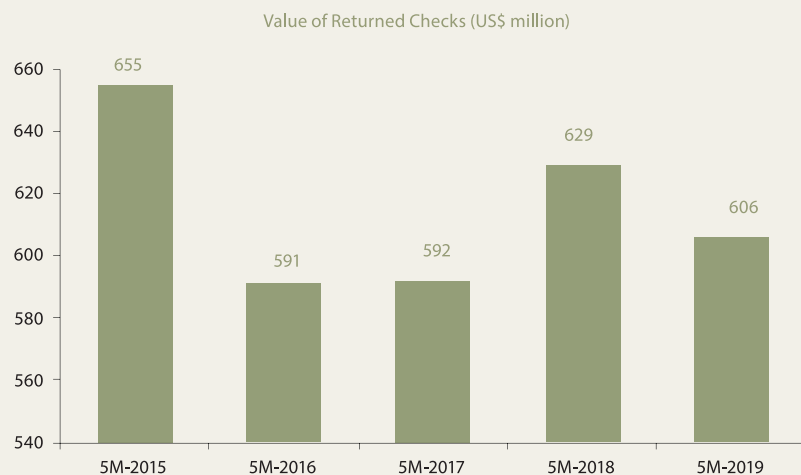
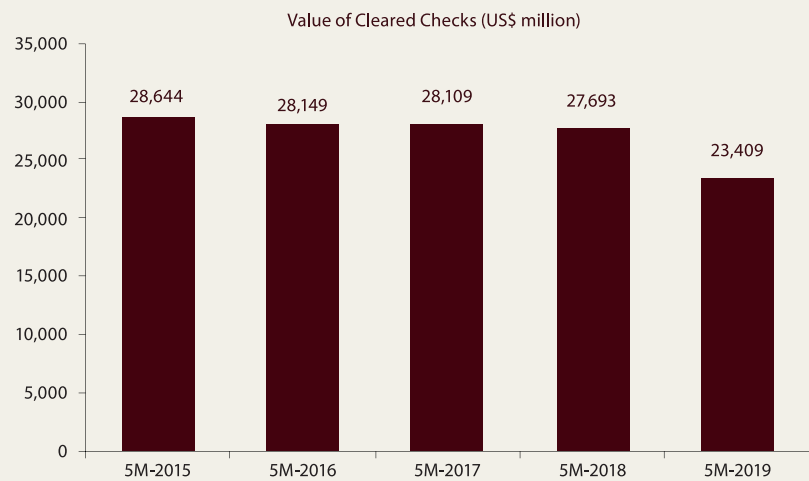
Furthermore, the number of cleared checks registered 4,264,172 in the first five months of 2019, down by 13.9% from 4,952,431 in the same period of 2018.

The average value per check retreated by 1.8% year-on-year to stand at US\$ 5,490 in the previously mentioned period of 2019.

The value of returned checks reached US\$ 606 million in the first five months of 2019, against US\$ 629 million in the same period of 2018.

The contraction in clearing activity mirrors the rising economic sluggishness across Lebanon's economic sectors, especially felt at the level of private investment.

CLEARING ACTIVITY



Sources: Association of Banks in Lebanon, Bank Audi's Group Research Department

CONSTRUCTION PERMITS REGISTER YEARLY DECLINE OF 30.7% IN FIRST FIVE MONTHS OF 2019

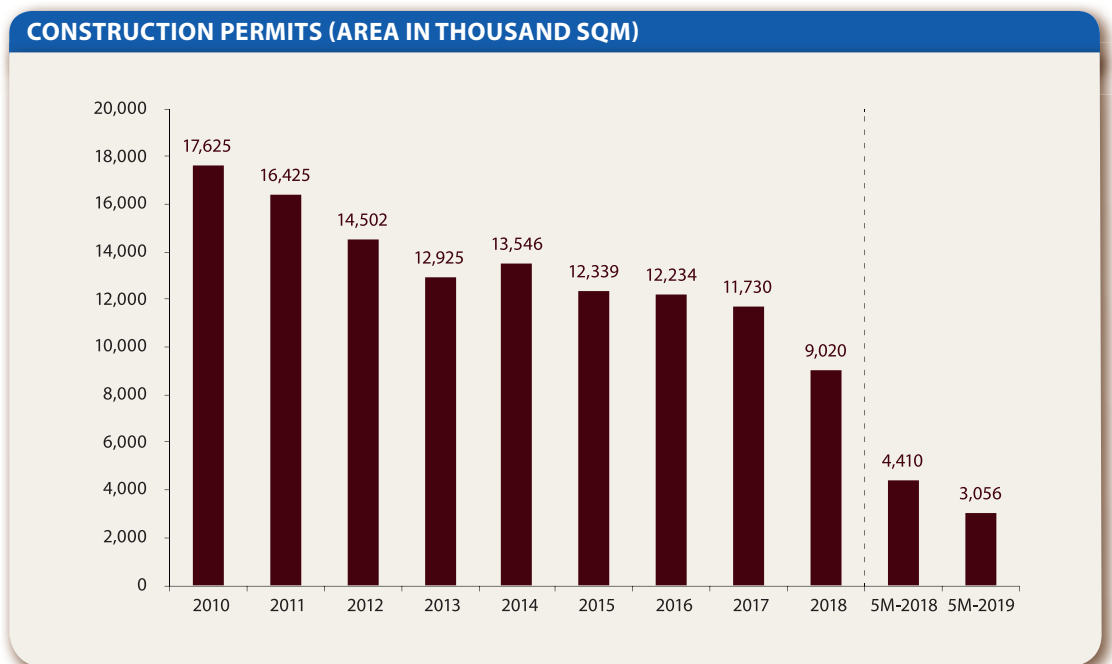
According to the figures provided by the Order of Engineers of Beirut and Tripoli, construction permits, an indicator of forthcoming construction activity, posted a 30.7% year-on-year decrease during the first five months of 2019, amidst the continued slowdown in the sector whereby some developers are slowing down or sometimes halting their construction works.

In fact, construction permits covered an area of 3,055,672 square meters in the first five months of 2019, against an area of 4,410,264 square meters in the same period of last year. This followed a yearly contraction of 16.4% registered in the first five months of 2018.

The breakdown by region shows that most of the regions reported contractions in construction permits with Mount-Lebanon and Nabattiyeh reporting the highest contractions of 39.4% and 38.6% respectively in construction permits in the first five months of 2019.

As for the breakdown of construction permits, Mount-Lebanon continued to capture the highest share in newly issued construction permits in the first five months of 2019 with a share of 36.3%. It was followed by North-Lebanon with 21.4%, South-Lebanon with a share of 18.5%, Bekaa with 9.5%, Nabattiyeh with 7.8% and Beirut with 6.5%.

The contraction in the construction's supply side follows similar contraction at the demand side, as real estate transactions are registering a double-digit drop this year.



Sources: Orders of Engineers of Beirut and Tripoli, Bank Audi's Group Research Department

SURVEYS

FITCH SETS LEBANON FISCAL DEFICIT FORECAST AT 9% OF GDP IN 2019

According to Fitch, Lebanon's draft 2019 budget targets fiscal consolidation, but the rating agency does not expect full implementation, and additional fiscal and structural reforms would be required to stabilize government debt/GDP.

The rating agency added that proposals to issue T-bonds at below-market rates, most likely to the Central Bank, reflect the difficulty of cutting spending and tight liquidity in the financial system. Lebanon's external finances also remain under pressure, illustrated by declines in foreign reserves and bank deposits in the four months to April.

The budget agreed by the cabinet late last month targets a deficit of 7.6% of GDP, from 11.1% in 2018. Fitch plans to reduce its deficit forecast for 2019 by about 1.5 percentage point to around 9% of GDP. Even if the budget plan were fully realized, it would only be a first step towards stabilizing government debt/GDP (151% at end-2018), which would require the deficit to narrow to at least 5.5%.

Half the budget's expenditure effort, or 0.6% of GDP of the overall planned consolidation, involves the government issuing T bonds at 1%, well below market rates (currently 7% on a two-year T bond). Details of how this will happen remain unclear, but it seems that Banque Du Liban (BdL) will buy these bonds and will attempt to structure the transaction in a way that minimizes the hit to its balance sheet.

While borrowing at an artificially low rate would save the government money (interest costs are 30% of total government spending), it also indicates a degree of financial stress and raises questions about the government's debt sustainability, especially given the greater reliance on the central bank for financing.

The formation of a government in January has failed to buoy key indicators such as bank deposit growth and foreign reserves. It remains to be seen whether the government's budget, or its electricity sector reforms announced in April, will bolster confidence among depositors or foreign investors. Prospects for the authorities' ability to execute plans to reduce financing and external vulnerabilities without further damaging confidence and undermining the government's funding model will be key to resolving the "negative" outlook.

Total private-sector commercial bank deposits have declined since end-2018 and in year-on-year terms were just 0.7% higher in April, while FX deposit growth (4%-5%) partly reflects conversion of LBP deposits to dollars.

Monthly BdL balance-of-payments numbers show a deficit of US\$ 3.3 billion in 4M19. At end-April, BdL's gross FX reserves totalled US\$ 31.5 billion - still a large stock although down by US\$ 1 billion since end-2018.

BdL also holds US\$ 6.4 billion of less liquid FX assets and US\$ 11.9 billion in gold. But it has large FX liabilities to banks, which the rating agency estimates at around US\$ 60 billion, although a significant proportion have long maturities.

Reserves will likely have decreased in May following a US\$ 650 million Eurobond repayment. Lebanon's next Eurobond maturities are US\$ 1.5 billion in November and US\$ 2.5 billion in 1H20. BdL has the gross reserves to meet these repayments if Lebanon cannot issue fresh Eurobonds. But continuing reserve declines could further erode confidence in the financial system.

LEBANON'S "CAA1" RATING AND "STABLE" OUTLOOK MAINTAINED, AS PER MOODY'S

According to a recently issued report by Moody's, the government of Lebanon's "Caa1" rating and "stable" outlook were maintained.

Lebanon's credit profile reflects the government's increasingly limited fiscal and monetary levers to contain or reverse its high debt and interest burden amid deteriorating domestic and external funding conditions.

Lebanon's "low (+)" economic strength balances relatively high wealth levels with the country's small size, subdued growth potential and weak competitiveness. Remittances and transfers from abroad have traditionally fueled the real estate, construction, financial services and the tourism industries.

These low value-added sectors underpin the consumption-centered character of the Lebanese economy characterized by the economy's lack of domestic savings and reliance on external resources to fund investments. The final score is above the indicative "Low" score in reflection of the Bdl's economic stimulus measures.

It is worth noting that in the aftermath of the Arab Spring upheavals in the region starting in 2011, Lebanon's growth performance dropped sharply as a result of the decline in tourism activity, with net travel service exports halving to 4% of GDP in 2017 from 8% in 2010, the closure of trade routes to Syria, which is one of Lebanon's main trading partners, and the collapse in oil prices.

Lebanon's "Low (-)" institutional strength reflects a weak governance framework, which balances weak fiscal policy effectiveness with a robust monetary policy system and the government's demonstrated willingness to service debt. Although government effectiveness remains subject to a fragile sectarian balance, the annual budget process has resumed in 2017 after a 12-year hiatus.

The rating agency's assessment of a "Very Low (-)" score for Lebanon's fiscal strength reflects a very high debt burden at 138.8% of GDP at the end of 2018 (excluding domestic debt holdings by public entities amounting to 11.7% of GDP), and which continues to increase in its central scenario as a result of persistent fiscal deficits and moderate growth.

Moody's assess domestic and geopolitical risk at "High" reflecting the country's fragile sectarian balance and its economic and political exposure to regional tensions which have been exacerbated since the withdrawal of the United States (Aaa stable) from the Iran deal (Joint Comprehensive Plan of Action (JCPOA)) in May 2018.

The rating agency assesses Lebanon's external vulnerability risk at "Moderate (+)" reflecting the very large current account deficit at about 23% of GDP covered only by a limited amount of foreign direct investment inflows at about 4.5% of GDP in 2018 (from 15% in 2008). This persistent external imbalance is mitigated by the large foreign exchange reserve buffer at US\$ 32.5 billion at the end of December 2018, covering about 12.5 months of goods and services imports providing ample coverage in the international comparison.

CORPORATE NEWS

BANKMED'S ASSETS AT US\$ 19.0 BILLION AT END-MARCH 2019

Total assets of BankMed reached US\$ 19.0 billion at end-March 2019, down by 0.4% from end-2018, as per Bankdata Financial Services.

Loans to customers increased by 6.3% from end-2018 to reach US\$ 3.8 billion at end-March 2019. Customers' deposits amounted to US\$ 13.1 billion at end-March 2019, down by 2.0% from end-2018.

BankMed's consolidated net profits amounted to US\$ 7.5 million in the first quarter of 2019, down by a yearly 56.4% from US\$ 17.2 million in the same period of 2018.

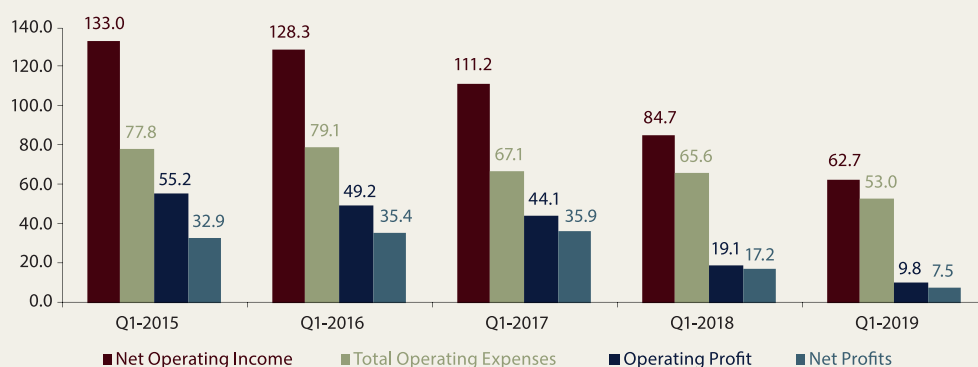
Net interest income fell by an annual 30.0% to US\$ 33.6 million in the first three months of 2019. Net fee income stood at US\$ 16.3 million in the first quarter of 2019, down from US\$ 18.1 million in the first quarter of 2018.

Net operating income amounted to US\$ 62.7 million in the first quarter of 2019, falling by 26.0% year-on-year.

Total operating expenses decreased by 19.2% annually, from US\$ 65.6 million in the first quarter of 2018 to US\$ 53.0 million in the same period of 2019, of which staff expenses amounted to US\$ 28.9 million, down by 21.6% year-on-year, and administrative and other operating expenses totaled US\$ 19.8 million, down by a yearly 19.7%.

The bank's cost-to-income ratio rose from 80.7% in the first quarter of 2018 to 82.4% in the corresponding period of 2019.

SELECTED BANKMED INCOME STATEMENT INDICATORS (US\$ MILLION)



Sources: Bankdata Financial Services, Bank Audi's Group Research Department

BANQUE LIBANO-FRANÇAISE'S NET PROFITS DOWN BY A YEARLY 12.7% TO US\$ 29.7 MILLION IN FIRST QUARTER OF THIS YEAR

Banque Libano-Française posted net profits of US\$ 29.7 million in the first quarter of 2019, down by 12.7% from US\$ 34.0 million in the first quarter of 2018, as per Bankdata Financial Services.

Net interest income amounted to US\$ 52.6 million in the first quarter of 2019, down by 3.5% from US\$ 54.5 million recorded in the same quarter of 2018. Net fee income declined by 0.5% year-on-year from US\$ 10.1 million in the first quarter of 2018 to US\$ 10.0 million in the same quarter of 2019.

Total operating income decreased by 4.6% to attain US\$ 66.2 million in the first quarter of 2019.

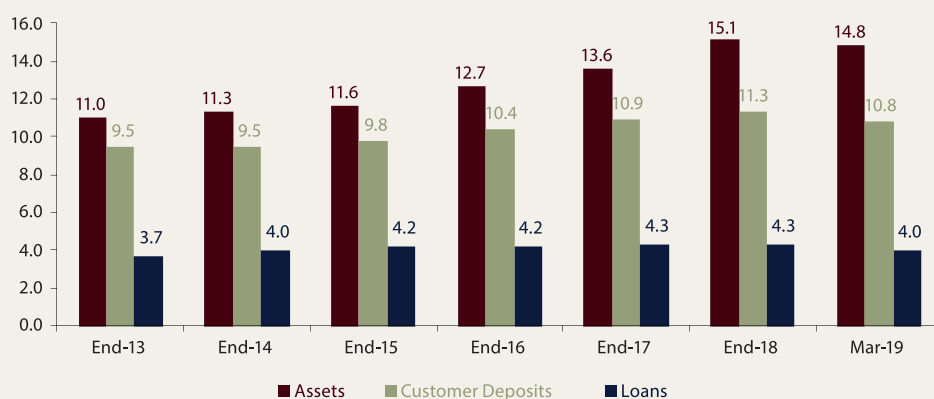
Total operating expenses increased by 3.9% year-on-year to US\$ 33.2 million in the first quarter of 2019, of which staff expenses reached US\$ 21.3 million in the first three months of this year, 2.0% higher than those reported in the same period of the previous year and administrative and other operating expenses recorded US\$ 9.6 million, 7.7% higher than those in the same period of last year.

The cost-to-income ratio rose from 44.5% in the first quarter of 2018 to 48.4% in the same period of 2019.

Banque Libano-Française's assets totaled US\$ 14.8 billion at end-March 2019, down by 1.7% from end-2018. Net loans and advances stood at US\$ 4.0 billion at end-March 2019, down by 7.1% from end-2018.

The gross credit-impaired loans (stage 3) to gross loans ratio edged up from 13.8% at end-2017 to 14.7% at end-March 2019 and the loan loss reserves on credit-impaired loans (stage 3) to credit-impaired loans (stage 3) ratio rose from 72.4% to 74.4% over the covered period.

BANQUE LIBANO-FRANÇAISE 'S MAJOR BALANCE SHEET AGGREGATES (US\$ BILLION)



Sources: Bankdata Financial Services, Bank Audi's Group Research Department

CAPITAL MARKETS

MONEY MARKET: WEEKLY EXPANSION IN TOTAL RESIDENT DEPOSITS

After initiating the week at 10% amid some commercial demand for foreign currencies on the FX market, the overnight rate slid gradually to reach 6% on Friday after the CNSB has re-deposited its funds in the Lebanese banking sector.

In parallel, total resident banking deposits resumed their upward trajectory during the week ending 13th of June 2019, as they grew by LP 263 billion, as per the latest monetary aggregates released by the Central Bank of Lebanon. This is mainly attributed to a LP 424 billion rise in foreign currency resident deposits (the equivalent of US\$ 281 million), while total LP resident deposits contracted by LP 161 billion amid a LP 154 billion fall in LP demand deposits and a LP 7 billion decrease in LP saving deposits. Within this context, the money supply in its largest sense (M4) registered a weekly expansion of LP 83 billion amid a LP 190 billion drop in the currency in circulation and a LP 10 billion increase in the non-banking sector Treasury bills portfolio.

INTEREST RATES

	28/06/19	21/06/19	28/12/18	
Overnight rate (official)	3.90%	3.90%	3.90%	↔
7 days rate	4.00%	4.00%	4.00%	↔
1 month rate	4.75%	4.75%	4.75%	↔
45-day CDs	4.90%	4.90%	4.90%	↔
60-day CDs	5.08%	5.08%	5.08%	↔

Source: Bloomberg

TREASURY BILLS MARKET: NOMINAL WEEKLY DEFICIT OF LP 272 BILLION

The latest Treasury bills auction results for value date 27th of June 2019 showed that the Central Bank of Lebanon has allowed banks to subscribe in full to the three-month category (offering a yield of 5.30%), the one-year category (offering a coupon of 6.50%) and the five-year category (offering a coupon of 8.0%).

In parallel, the Treasury bills auction results for value date 20th of June 2019 showed that total subscriptions reached LP 305 billion and were distributed as follows: LP 15 billion in the six-month category (offering a yield of 5.85%), LP 200 billion in the three-year category (offering a coupon of 7.50%) and LP 90 billion in the seven-year category (offering a coupon of 9.0%). These compare to maturities of LP 577 billion, resulting into a nominal weekly deficit of LP 272 billion.

TREASURY BILLS

	28/06/19	21/06/19	28/12/18	
3-month	5.30%	5.30%	4.44%	↔
6-month	5.85%	5.85%	4.99%	↔
1-year	6.50%	6.50%	5.35%	↔
2-year	7.00%	7.00%	5.84%	↔
3-year	7.50%	7.50%	6.50%	↔
5-year	8.00%	8.00%	6.74%	↔
7-year	-	9.00%	7.08%	
Nom. Subs. (LP billion)		305	98	
Short-term (3&6 mths)		15	4	
Medium-term (1&2 yrs)		-	11	
Long-term (3 yrs)		200	-	
Long-term (5 yrs)		-	83	
Long-term (7 yrs)		90	-	
Maturities		577	124	
Nom. Surplus/Deficit		-272	-26	

Sources: Central Bank of Lebanon, Bloomberg

FOREIGN EXCHANGE MARKET: CONTINUOUS NET CONVERSIONS IN FAVOR OF FOREIGN CURRENCIES

The foreign exchange market witnessed this week some conversions in favor of the Lebanese pound, as some market players sought to secure enough local currency liquidity at hand to pay employees' salaries towards the end of June 2019. On the other hand, some market participants continued to show some demand for foreign currencies for commercial reasons, and some depositors opted to convert their LP holdings into FC holdings. All in all, activity was in favor of foreign currencies on the foreign exchange market over this week, and the Central Bank of Lebanon is assumed to have intervened as a seller of US Dollar to meet conversion needs.

EXCHANGE RATES

	28/06/19	21/06/19	28/12/18	
LP/US\$	1,507.50	1,507.50	1,507.50	↔
LP/£	1,912.26	1,910.91	1,905.78	↓
LP/¥	14.00	14.03	13.66	↑
LP/SF	1,547.74	1,534.08	1,529.68	↓
LP/Can\$	1,151.03	1,143.08	1,107.48	↓
LP/Euro	1,717.19	1,703.93	1,724.73	↓

Source: Bank Audi's Group Research Department

STOCK MARKET: EXTENDED WEEKLY PRICE GAINS ON THE BSE

The BSE price index pursued its upward trajectory during this week, posting an increase of 1.2%, mainly supported by price gains in Solidere shares for the second consecutive week following a recent note released by the firm showing that "realized and unrealized provisions" were allocated in 2018 and sales of US\$ 200 million were recorded during the first half of the year 2019. Within this context, Solidere "A" share price surged by 5.0% to close at US\$ 6.69. Solidere "B" share price climbed by 8.4% to reach US\$ 6.74. This followed a strong price rally in Solidere shares of circa 16% in the previous week. Also, Bank Audi's GDR price went up by 2.6% week-on-week to reach US\$ 4.0. Three out of seven traded stocks posted price

increases this week, while Bank Byblos "listed" shares posted price declines of 0.8% to US\$ 1.22, and three stocks saw no price change week-on-week.

The weekly performance of the BSE compares to price declines in broader regional stock exchanges (-1.1% as per the S&P Pan-Arab Composite Index) amid rising geopolitical tensions, and to shy increases in prices across emerging markets (+0.3% as per the S&P Emerging Frontier Super Composite Index).

As to trading volumes, the total turnover reached US\$ 2.7 million this week as compared to US\$ 1.7 million last week and an average weekly trading value of US\$ 4.2 million since the beginning of the year 2019. Solidere shares captured 78.5% of activity, while the banking shares accounted for the remaining 21.5%.

AUDI INDICES FOR BSE

22/1/96=100	28/06/19	21/06/19	28/12/18	
Market Cap. Index	347.68	343.65	384.30	↑
Trading Vol. Index	22.85	14.57	227.09	↑
Price Index	75.88	75.00	83.87	↑
Change %	1.17%	1.24%	-0.70%	↑
	28/06/19	21/06/19	28/12/18	
Market Cap. \$m	8,248	8,153	9,117	↑
No. of shares traded (Exc. BT)	465,022	635,630	4,241,140	↓
Value Traded \$000 (Exc. BT)	2,657	1,696	21,393	↑
o.w. : Solidere	2,086	1,008	1,208	↑
Banks	571	653	20,107	↓
Others	0	35	78	↓

Sources: Beirut Stock Exchange, Bank Audi's Group Research Department

BOND MARKET: PRICE GAINS IN LEBANESE EUROBOND MARKET, BUCKING EMERGING MARKETS

Despite escalating US-Iran tensions and rising concerns over a military confrontation weighing on emerging debt markets over this week (as reflected by a 0.6% expansion in JP Morgan EMBIG Z-spread), Lebanon's capital markets managed to end the week on a positive note after a Qatari government official said that Qatar has bought some bonds in a planned US\$ 500 million investment in Lebanese debt and remains committed to completing its pledge.

That being said, sovereigns maturing in November 2019, April 2021, May 2022, January 2023, May 2023 and November 2024 registered price improvements of up to 0.50 pt. Lebanese Eurobonds maturing between 2025 and 2037 posted price gains ranging between 0.25 pt and 1.13 pt. Under these conditions, the weighted average bond yield moved from 10.26% at the end of last week to 10.18% at the end of this week. Also, the weighted average bid Z-spread contracted from 879 bps last week to 870 bps this week amid relative stability in US Treasuries yields. As to the cost of insuring debt, Lebanon's five-year CDS spreads contracted slightly from 870-900 bps last week to 870-895 bps this week.

EUROBONDS INDICATORS

	28/06/19	21/06/19	28/12/18	
Total tradable size \$m	31,064	31,064	32,214	↔
o.w.: Sovereign bonds	29,814	29,814	30,964	↔
Average Yield	10.18%	10.26%	9.95%	↓
Z-Spread (bid in bps)	870	879	764	↓
Average Life	7.61	7.62	7.83	↓
Yield on US 5-year note	1.77%	1.78%	2.61%	↓

Source: Bank Audi's Group Research Department

INTERNATIONAL MARKET INDICATORS

	28-Jun-19	21-Jun-19	31-Dec-18	Weekly change	Year-to-date change
EXCHANGE RATES					
YEN/\$	107.89	107.32	109.61	0.5%	-1.6%
\$/£	1.270	1.274	1.275	-0.3%	-0.5%
\$/Euro	1.137	1.137	1.147	0.0%	-0.8%
STOCK INDICES					
Dow Jones Industrial Average	26,599.96	26,719.13	23,327.46	-0.4%	14.0%
S&P 500	2,941.76	2,950.46	2,506.85	-0.3%	17.3%
NASDAQ	8,006.24	8,031.71	6,635.28	-0.3%	20.7%
CAC 40	5,538.97	5,528.33	4,730.69	0.2%	17.1%
Xetra Dax	12,398.80	12,339.92	10,558.96	0.5%	17.4%
FT-SE 100	7,425.63	7,407.50	6,728.13	0.2%	10.4%
NIKKEI 225	21,275.92	21,258.64	20,014.77	0.1%	6.3%
COMMODITIES (in US\$)					
GOLD OUNCE	1,409.55	1,399.63	1,282.49	0.7%	9.9%
SILVER OUNCE	15.32	15.35	15.50	-0.2%	-1.2%
BRENT CRUDE (per barrel)	64.74	65.20	53.80	-0.7%	20.3%
LEADING INTEREST RATES (%)					
1-month Libor	2.40	2.40	2.50	0.00	-0.10
US Prime Rate	5.50	5.50	5.50	0.00	0.00
US Discount Rate	3.00	3.00	3.00	0.00	0.00
US 10-year Bond	2.01	2.05	2.68	-0.04	-0.67

Sources: Bloomberg, Bank Audi's Group Research Department

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