



MENA Economic Update

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- The MENA region has experienced tremendous growth over the past few years, mainly due to high oil prices, large amounts of FDI and the rapid growth in real estate markets.
- The start of the global economic crisis in September, 2008, caused oil demand and prices to plummet and credit markets to freeze. The lack of financing combined with the deteriorating financial conditions of potential investors caused Gulf real estate markets to crash. MENA stock markets also fell as investors became increasingly risk averse.
- In response, MENA governments have rolled out stimulus packages designed to encourage growth, or engineer soft landings if immediate growth is not possible. 2009/2010 budgets have been mostly expansionary with the GCC countries emphasizing diversification away from oil and building much needed infrastructure. Non-oil producers are focusing more on sustaining real GDP growth. MENA monetary policy switched from protecting against inflation in 2008, to cutting interest rates and encouraging lending in 2009.
- This report aims to update readers on MENA government policy for 2009 and present an overview of MENA economies from 2006 to a forecasted 2009.

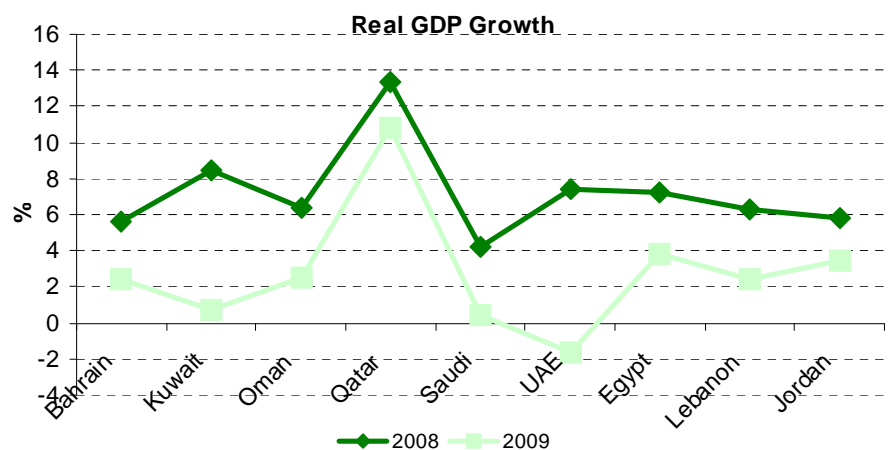




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Part A

General Economic Outlook for MENA Region



Outlook for MENA in 2009

The MENA economies are faced with the uncertainty of an economic revival as conditions around the world continue to deteriorate and consumer confidence continues to decline.

Governments have realized that the downturn will be longer and more severe than initially suspected. Policy-makers have had to decide how best to respond to the crisis, using both fiscal and monetary policy.

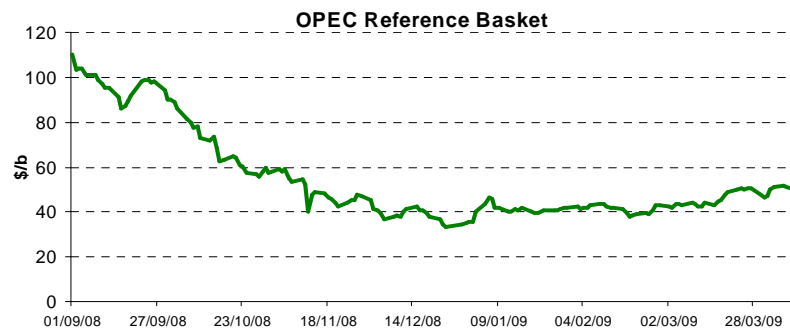
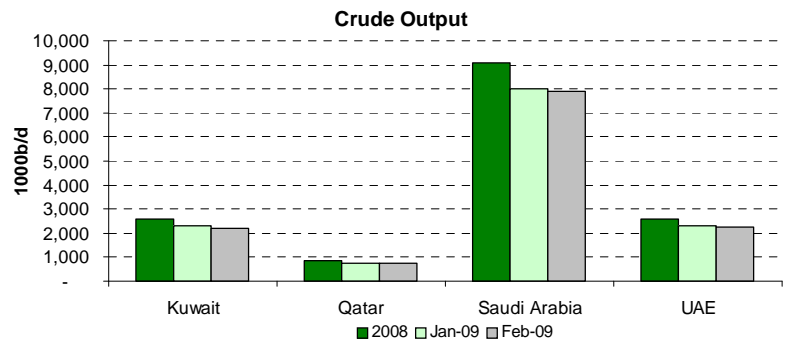
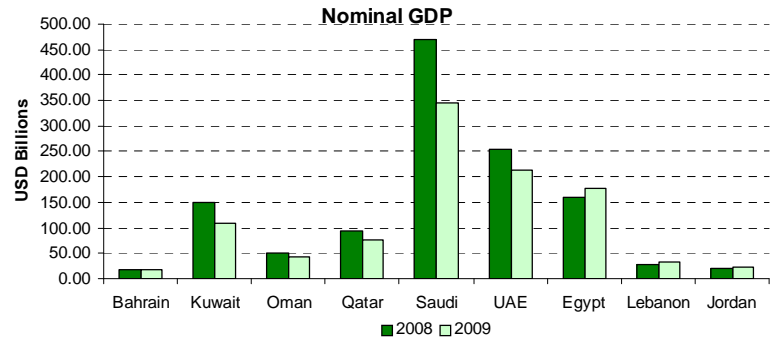
The GCC policy responses to date have been to continue economic diversification strategies. Some countries, like Saudi Arabia, may even accelerate some of these measures. However, it is clear that some of the more ambitious plans will have to be modified or put on hold in the face of the current economic reality.

Saudi Arabia has already delayed four refinery projects, including an USD1.2b project to restart production at its Dammam oil field. Dubai's Palm-Deira and DubaiLand projects have been hit with large delays and so has Saudi Arabia's King Abdullah Economic City.

The difficulties have been exacerbated by the slowdown of FDI into the MENA region. This makes government spending especially important in the near future.

Of particular concern is the decline in oil production, mainly due to cuts taken in order to stabilize prices. Oil export revenues are likely to decline by fifty percent from 2008 levels. Consequently, after several years of large surpluses, the current accounts of GCC states will nearly balance in 2009. Oil importing MENA countries will most likely see declines in their current account deficits as oil and other commodity prices remain lower in 2009 compared to 2008.

MENA countries are likely to record fiscal deficits in 2009 as they continue to spend in order to either diversify their economies away from oil or to prevent their countries from falling into recessions. Some GCC countries will cut spending if oil prices fall below a threshold level.





Monetary Policy

Before the financial crisis, the biggest issue facing the MENA region was inflation. Inflation for 2008, as measured by the consumer price index (CPI) ranged between 5.1% for Bahrain, to 14% for the UAE and over 18% for Egypt.

Once the economic crisis hit, central banks started cutting their key rates in order to thaw credit markets and induce banks to restart lending.

Bahrain reduced its benchmark one-week deposit rate to 0.75% from 1.75% and its overnight deposit rate to 0.25% from 1.25% in the fourth quarter of 2008. The Bahraini Central Bank also reduced its repo rate to 2.75% in December, the third cut since October. Bahrain's M2 money supply reached BH6.73b in at the end of 2008.

Kuwait is the only GCC country whose currency is not pegged to the U.S. dollar. Kuwaiti M2 money supply grew by a monthly average of 1.3% in 2008 vs. 1.6% in 2007 and hit KD21.95b in December. CPI hit 10% for 2008, from 7.5% in 2007. In October, Kuwait reduced its discount rate to 4.5% by a record 125 basis points and lowered its repo by 100 basis points to 2.5%. The Central Bank also lowered the loan to deposit cap ratio from 85% to 80%. In November, as the crisis increased in severity and credit markets were completely frozen, the CBK introduced a few new monetary policy tools in order to give banks more access to funds. The CBK started offering repo agreements of one day and one month, in addition to their existing one-week repo. The overnight repo rate was set at 1%, the one week at 2% and the one month at 3%.

In Oman, the exchange rate is pegged to the US dollar and as a result Oman's interest rates are expected to move in tandem with the US'. Therefore Oman's repo rate reflected the sharp decline in the U.S. Federal Funds rates, from 3% in January 2008 to 0-0.25% in Jan 2009, by declining to 2% in Jan 2009 from 5.245% in Jan 2008. Oman's over-night inter-bank lending rate declined to 0.25% in Jan 2009 from 1.56% in Jan 2008, which is in-line with the general softening of interest rates.

rate by 50 basis points to 5%. Four further cuts followed and the last cut of 50 basis points reduced the repo rate to 2% in January. The reverse repo was cut thrice, first in December by 50 basis points to 1.5%, then in January by 75 basis points to 0.75% and finally by 25 basis points to 0.50% in April. SAMA also lowered banks' reserve requirement to 10% from 13% in October, and lowered it again to 7% in November. SAMA also made an USD40b lending facility available to Saudi banks, if they needed funds. The Saudi government also promised to inject USD2.67b into government run Saudi Credit Bank in order to provide no fee loans to low-income citizens.

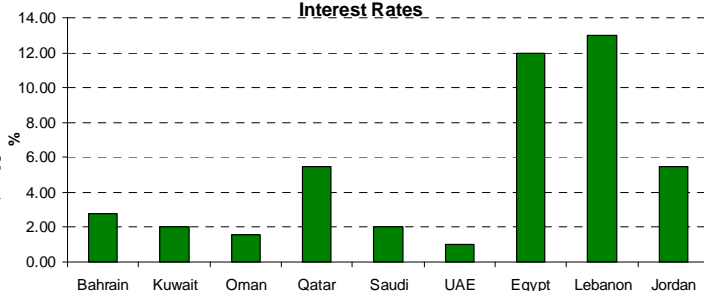
The Central Bank of the UAE's response to the crisis has been comprehensive. The Central Bank provided an USD13.6b liquidity facility allowing UAE banks to borrow from the Central Bank up to their reserve requirements at the cost of the repo rate plus 300bps. This rate was later lowered. The Central Bank also waived its 6-day rule for overdrafts, meaning banks did not have to settle their positions with the central bank at the end of each week. It also announced USD6.8b in capital for banks squeezed by the crisis, after already injecting USD19b in the banking system to shore up capital. The Central Bank also guaranteed all deposits with local banks for three years. The Central Bank also cut its repo rate to 1.5% from 2% in early October, and cut it again to 1% in January.

In Egypt, concerns over a slowdown in Economic growth combined with falling rates of inflation led the CBE to cut its overnight lending and deposit rates. Inflation fell to 14% YoY in January versus 21.2% in December, leading the CBE to cut its overnight deposit rate by 100bps to 10.5% and its overnight lending rate to 12.5%. Further cuts followed in March as the CBE cut both the deposit and lending rates by 50bps further. The CBE may cut rates further if inflation continues to fall and the economy continues to weaken.

Jordan has guaranteed all bank deposits until the end of 2009, even though preliminary findings indicate that banks have very limited exposure to toxic financial assets. The Central Bank of Jordan cut interest rates by 50bps in November, and again in December, citing an easing of consumer prices.

Lebanon's monetary policy will remain defending the LBP's peg to the US dollar. In the short term, however, imbalances in public finances could leave the peg vulnerable.

Interest Rates





Fiscal Policy

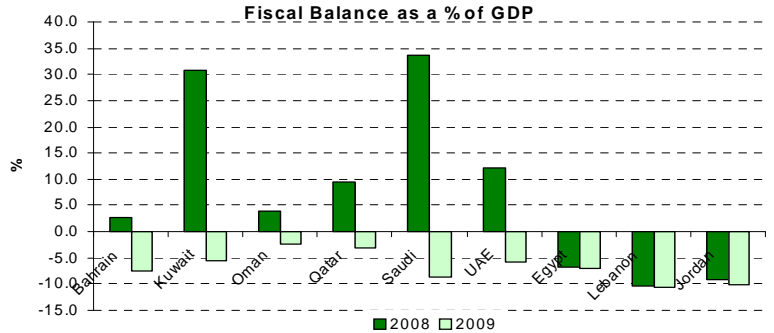
GCC fiscal policy is aimed at diversifying away from oil. This goal is unlikely to be affected by the economic crisis.

Bahrain's budget is forecast to fall into deficit in 2009 for the first time since 2002 as revenue from oil exports will be far below the levels of 2007/2008. Government spending is likely to continue to increase as, according to a draft of the 2009/2010 budget, current spending is to increase by one quarter, but capital spending will be cut by 40%. The EIU predicts that these moves, along with low oil prices, will take Bahrain's fiscal deficit to over 12% of GDP in 2009. Assuming the spending is reigned in somewhat, the EIU forecasts a deficit equal to 7.4% of GDP in 2009. The fall in oil prices will increase the urgency in diversifying the economy away from oil.

Preliminary reports suggest that Kuwait may draft a contractionary budget for 2009/2010 if oil prices continue to fall. The budget tentatively consists of KD13.2b in spending, with KD6b for civil service salaries and KD2b to fund state construction projects etc. In response to the Kuwaiti stock market falling off a cliff in October, the Kuwaiti government suspended trading and authorized its SWF to buy stocks, land and real estate in Kuwait. On December 28th, Kuwait's supreme council decided to cancel a deal to form an USD17.4b petrochemical joint venture with Dow Chemical due to the global economic crisis. In March, Kuwait announced a stimulus package that will secure 50% of an estimated KD4b of bank loans to local productive economic sectors. It will also provide 15-year guarantees against any drop in value of local banks' investment and real estate portfolios.

The Omani government has pledged to increase spending by 11% in 2009, which will result in an estimated budget deficit of 5% of GDP. This comes with the caveat that spending may be cut if oil prices fall below \$40/b. The Omani government also said that it will work with pension funds and the financial sector in order to form an OMR15b (USD389m) fund to stabilize the country's stock market.

Qatar was one of the first Gulf countries to prop up its banking industry. The Qatar Investment Authority bought a 5% stake in each local bank in the fall of 2008 and is expected to take another 5% at some time in 2009. Qatar also bought USD1.79bn listed banks investment portfolios in order to boost liquidity and encourage lending. Qatar also plans to allocate USD549m to support small and medium sized businesses. As a result of these moves and Qatar's new LNG trains, Qatar is expected to be able to weather the crisis relatively easily.



Saudi Arabia is prepared to spend its way through the global financial crisis. The Kingdom's preliminary budget for 2009 has forecasted expenditure of SR475b and revenue of SR410b, leaving a deficit of SR65b, or about 8.7% of GDP. The deficit would be financed by the immense surpluses recorded over the past few years. The budget plan increases spending by 25% over planned 2008 spending. SAMA has also said that it has planned USD400b of public investment over the next five years (including oil sector investment). Even with an expansionary budget, cuts to mega projects or time-line alterations will have to be made as foreign investment will be hard to come by.

The global economic crisis has hit the UAE, especially Dubai, quite hard. The sharp retraction in the real estate and construction sectors in Dubai has spread across the Emirates and has caused the EIU to forecast a GDP contraction of 1.4% in 2009. The Dubai government, along with its companies, has claimed that it will increase spending by 20% in 2009 in order to stimulate the economy. Dubai's policy focus will be to restore confidence and prop up the financial and real estate sectors. Abu Dhabi will focus more on diversifying its economy away from oil and stepping up infrastructure spending. The Dubai government launched a bond issue in February, USD10b of which was fully subscribed by the UAE government. Dubai will use the money to fund its various financial commitments. The Dubai government will use part of the money to benefit real estate firms. About USD263b worth of projects in the UAE have been canceled or put on hold already.

Egypt's government has announced an USD5.4b stimulus package for its 2008/09 fiscal year, which ends in June. The government plans to increase spending as a means of stimulating growth, but will do so at a time when government revenues are likely to fall, putting fiscal accounts under further pressure. The money will be spent on infrastructure projects, with half the money spent in the first six months of this year. It will be funded through debt.

Jordan and Lebanon's reliance on tourism has left them susceptible to the global financial crisis, albeit less so than others. Jordan is particularly vulnerable due to its recent property boom, leading its government to consider a fiscal stimulus, even though the IMF is of the opinion that fiscal retrenchment is the best course of action.



Part B

Country Snap Shots



Bahrain

Nominal GDP grew in double digits in 2006 and 2007; growth slowed to an estimated 6.1% in 2008 and is expected to contract by 2.8% in 2009 on the back of low oil prices. Real GDP growth reached 8.1% in 2007 and most likely fell to 5.6% in 2008 with an estimated further decline to 2.4% in 2009. GDP per capita declined slightly from 2006 to 2008, although it may rise in 2009 because of an expected decrease in population.

Bahrain's government revenue has been larger than government expenditure, resulting in fiscal surpluses, for 2006 to 2008. Bahrain's legislators recently voted through the fiscal budget for 2009. For the fiscal year 2009, the budget includes USD5.5b in spending versus projected revenue of USD3.7b, leaving a record deficit of USD1.3b, which is around 7.4% of nominal GDP. The budget is based on an average oil price of \$40/b.

Like the rest of the GCC, Bahrain has been a net-exporter, with large current account surpluses. The fall in oil prices in the fourth quarter of 2008 caused the current account surplus to fall to 7% from 16.6% in 2007. The Economist Intelligence Unit predicts a zero to slightly negative balance in 2009 as oil exports account for around 80% of export earnings and are likely to remain low.

Bahrain has maintained around a 30% debt to GDP ratio, and this is likely to continue in 2009. The Bahraini population has increased slightly from 2007 to 2008, to around 1.1m. This is expected to decline in 2009 as job losses among expatriate workers causes them to return to their home countries. Despite recent interest rate cuts, inflation is expected to moderate in 2009 to around 1.8%.

The Bahraini all-share index has lost slightly less than 7% from the beginning of the year. It currently stands at 1,681.28, down from its 52-week high of 2,914.23 and slightly higher than its 52-week low of 1,565.87.

USD: BHD: 0.37697

GDP	2006	2007*	2008*	2009**
Nominal GDP (USD Millions)	15828	17472	18536	18024
Nominal GDP Growth (%)	17.6	10.4	6.1	-2.8
Real GDP Growth (%)	6.7	8.1	5.6	2.4
GDP per capita (USD at PPP)	24350	23934	23783	26456
Origin of GDP (%)				
Oil	26.05	26.02		
Non-Oil	73.95	73.98		

Other Key Indicators (% of GDP)	2006	2007	2008*	2009**
Fiscal Balance	3.4	2.6	2.7	-7.4
Current Account Balance	13.8	16.6	7.0	-0.5
Outstanding Debt	32.9	30.1	31.4	30.6
Savings	38.2	42.2		
Investment	25.8	25.1		

Other Indicators	2006	2007	2008*	2009**
Population (Millions)	1.0	1.0	1.1	1.0
Short-Term Interest Rates (%)			2.8	2.8
CPI (% Change)	2.9	4.4	5.1	1.8

Capital Market Indicators 19/04/2009	BHSE
Value	1681.28
YTD	-6.81%
52 Week High	2914.23
52 Week Low	1565.87
P/E	30.71
Dividend Yield	5.71
Market Cap	6.67B BD

Sources: Central Bank of Bahrain, IMF, EIU.
*Estimates, ** forecasts, Bloomberg



Kuwait

Kuwait's real GDP grew by 6.3% in 2006, 4.7% in 2007 and an estimated 8.5% in 2008. Due to the large decrease in oil prices combined with output reductions mandated by OPEC, the EIU is forecasting a 0.7% decline in real GDP in 2009.

Kuwait's economy is primarily export-driven with oil accounting for the majority of exports and around half of GDP. The current account balance has declined from 50.7% of GDP in 2006 to an estimated 40% of GDP in 2008. The EIU predicts a sharp decline to 6.3% of GDP in 2009 due to much lower oil prices and lower oil production.

Kuwait's budgets contained surpluses from 2006 until 2008, with the largest surplus being 42.4% of GDP in 2007. The fiscal surpluses will most likely turn into a deficit in 2009 due to lower oil prices.

The sharp rise in international food prices combined with high oil prices pushed average consumer price inflation up to an estimated 10% in 2008. Inflation is expected to moderate in 2009, due to falling commodity prices, to around 4%.

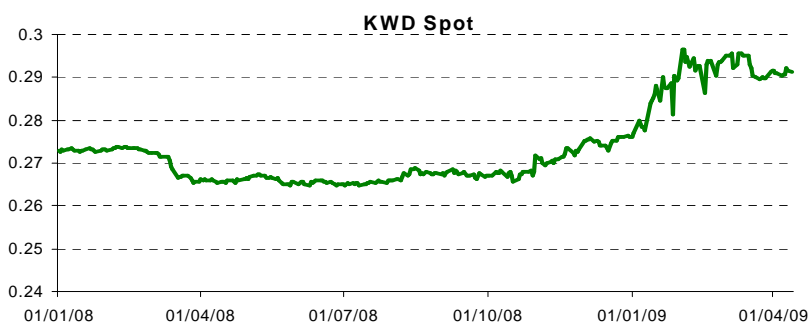
The Kuwaiti all-share index is comprised of all the 214 companies listed on the Kuwaiti stock exchange. The index is currently valued at 7,528.30, which is a 3.27% decline from the beginning of 2009. The 52 week high is 15,667.8, while the 52-week low is 6,367.60.

The Kuwaiti dinar is pegged to a basket of major world currencies after de-pegging from the US dollar in 2007. Once the global economic crisis hit in September the dollar started appreciating versus the dinar. The expected moderation of inflation in Kuwait, combined with the dollar's role as the world's reserve currency, should result in the dinar continuing to depreciate against the dollar until the global crisis has passed.

GDP	2006	2007*	2008*	2009**
Nominal GDP (USD Millions)	101704	112105	148811	108573
Nominal GDP Growth (%)	25.6	10.2	32.7	-27.0
Real GDP Growth (%)	6.3	4.7	8.5	-0.7
GDP per capita (USD at PPP)	38096	38338	39925	38496
Origin of GDP (%)				
Oil	56.30	55.10		
Non-Oil	43.70	44.90		
Other Key Indicators (% of GDP)	2006	2007	2008*	2009**
Fiscal Balance	29.1	42.4	30.8	-5.6
Current Account Balance	50.7	42.4	40.0	6.3
Outstanding Debt	10.1	9.7	7.6	10.1
Savings	67.0	67.6	66.5	66.0
Investment	15.2	20.3	21.3	23.7
Other Indicators	2006	2007	2008*	2009**
Exchange Rate USD: KWD	0.2902	0.2843	0.26892	0.2912
Population (Millions)	3.2	3.4	3.6	3.8
Short-Term Interest Rates (%)			2.0	2.0
CPI (% Change)	3.7	7.5	10.0	4.0

Capital Market Indicators 19/04/2009	KWSE
Value	7528.30
YTD	3.27%
52 Week High	15667.8
52 Week Low	6367.6
P/E	124.53
Dividend Yield	4.39
Market Cap	29.61 KD

Sources: Central Bank of Kuwait, IMF, EIU.
*Estimates, ** forecasts, Bloomberg





Oman

Nominal GDP grew 18.7% in 2006, 13.1% in 2007 and an estimated 27.5% in 2008. Real GDP followed a similar growth pattern, increasing by an estimated 6.4% in 2008. The growth in nominal GDP is expected to turn negative in 2009; the growth in real GDP will decline to a forecasted 1.9%. The decline in growth is attributable to low oil prices and decreased output.

Oman enjoyed fiscal surpluses from 2006 to 2008, although this will most likely change in 2009. The EIU forecasts a fiscal deficit equivalent to 2.3% of GDP. Like many other countries, Oman will have to continue government spending in order to lessen the impact of the global economic crisis, despite decreased revenue.

Oman's current account balance for 2009 will also most likely fall into deficit in 2009 as the value of oil exports will fall compared to the value of imports.

Oman has kept its public sector debt levels at far more manageable levels than other GCC countries, although an increase to around 3.3% of GDP from 2.9% can be expected as Oman continues to invest in its gas sector.

Inflation increased from 4.7% in 2006 to an estimated 10% in 2008, although it will most likely moderate in 2009.

The Omani MSM 30 index is comprised of the 30 most highly capitalized, liquid and profitable companies listed on the Muscat Securities Market. Its value as of April 19 was 5,477.65. It has gained just under 1% since the beginning of the year. Its 52 week high was 12,164.5, while its 52-week low was 4,187.81. The index is currently trading at a P/E of 9.39, with a dividend yield of 5.05%.

USD: OMR: 0.38505

GDP	2006	2007*	2008*	2009**
Nominal GDP (USD Millions)	36806	41641	53110	48341
Nominal GDP Growth (%)	18.7	13.1	27.5	-9.0
Real GDP Growth (%)	7.5	5.8	6.4	1.9
GDP per capita (USD at PPP)	22028	22518	23296	23059
Origin of GDP (% real change)				
Oil	46.65	45.30		
Non-Oil	53.35	54.70		

Other Key Indicators (% of GDP)	2006	2007	2008*	2009**
Fiscal Balance	3.6	0.3	4.2	-2.3
Current Account Balance	13.9	4.6	9.1	-6.3
Outstanding Debt	3.8	3.3	2.9	3.3
Savings	43.3			
Investment	18.5			

Other Indicators	2006	2007	2008*	2009**
Population (Millions)	2.6	2.7	2.9	3.0
Short-Term Interest Rates			2.4	1.5
CPI (% Change)	4.7	8.6	10.0	8.0

Sources: Central Bank of Oman, IMF, EIU.
*Estimates, ** forecasts

Capital Market Indicators 19/04/2009	MSM30
Value	5477.65
YTD	-0.67%
52 Week High	12164.5
52 Week Low	4187.81
P/E	9.39
Dividend Yield	5.05
Market Cap	3.81B OMR

Sources: Central Bank of Oman, IMF, EIU.
*Estimates, ** forecasts, Bloomberg



Qatar

Qatar has been one of the fastest growing countries in the world in terms of nominal and real GDP. From 2006 to 2008, Qatar's nominal GDP rose from USD56b to USD104b, an increase of 83%. Real GDP grew by 12% in 2006, 17.3% in 2007 and an estimated 13.4% in 2008.

While Qatar is as heavily dependant on hydrocarbons as the rest of the GCC, its decision to focus more on natural gas and its conversion to LNG is paying off, as it will be much less affected by the global economic crisis than some of its neighbours. The EIU forecasts a real GDP growth of around 10.7% in 2009 as more LNG trains come online with long-term gas contracts already signed.

Qatar's GDP per capita is one of the highest in the world, reaching USD58,809 per head in 2007.

According to the Qatar news agency, Qatar is likely to face a budget deficit of USD1.6b or 2.1% of projected GDP for the financial year 2009/2010, due to the declines in oil and gas prices. The government is expecting revenue of USD24.5b versus USD28.5b from the previous financial year. The EIU predicts a similar budget shortfall of 1.9% of GDP.

Qatar's current account has been buoyed by large oil and gas exports over the previous 3 years, reaching an estimated 17.4% of GDP in 2008. The EIU predicts a drop to 0.9% of GDP in 2009 as exports fall and imports remain relatively stable.

The DSM 20 Index is a capitalization weighted index of the 20 most highly capitalized and liquid companies traded on the Doha Securities Market. The DSM 20 currently has a value of 5,590.12, which is less than half of its 52-week high of 12,636.80 and around 1400 points above its 52-week low of 4,195.42. It has lost 18.82% since the beginning of 2009.

USD: QAR: 3.6294

GDP	2006	2007*	2008*	2009**
Nominal GDP (USD Millions)	56918	72277	104640	83045
Nominal GDP Growth (%)	34.0	27.0	44.8	-20.6
Real GDP Growth (%)	12.2	17.3	13.4	10.7
GDP per capita (USD at PPP)	57564	58809	58635	59097
Origin of GDP (% real change)				
Oil & Gas	57.32	56.64		
Non-Oil&Gas	42.68	43.36		

Other Key Indicators (% of GDP)	2006	2007	2008*	2009**
Fiscal Balance	8.8	13.2	9.6	-1.9
Current Account Balance	16.6	14.5	17.4	0.9
Outstanding Debt	12.5	8.5	4.9	4.1
Savings	60.0	64.7	67.0	48.0
Investment	31.7	33.8	30.0	35

Other Indicators	2006	2007	2008*	2009**
Population (Millions)	1.1	1.3	1.6	1.7
Short-Term Interest Rates	5.5	5.5	5.5	5.5
CPI (% Change)	11.3	13.7	13.2	8.7

Capital Market Indicators 19/04/2009	DSM 20
Value	5590.12
YTD	-18.82%
52 Week High	12636.8
52 Week Low	4195.42
P/E	8.97
Dividend Yield	5.99
Market Cap	105.3B QAR

Sources: Central Bank of Qatar, IMF, EIU, GIH.
*Estimates, ** forecasts, Bloomberg



Saudi Arabia

Saudi Arabia is the GCC's largest economy, with 20% of the world's proven crude oil reserves.

Nominal GDP increased 12.8% in 2006, 7% in 2007 and 22.8% in 2008 because of the rapid rise in oil prices. Real GDP growth increased every year from 2006 to 2008, with 2008 growth at an estimated 4.2%.

Due to crude oil accounting for more than half of Saudi Arabia's GDP in 2007, the drop in oil price, demand and production will cause Saudi's real GDP growth to slow down and cause nominal GDP growth to become negative. The EIU forecasts a 0.4% growth in real GDP for 2009 and a -26.4% nominal GDP growth.

SAMA, the Saudi Arabia Monetary Agency, has said that USD400b of public investment (including the oil sector) is planned over the next five years, indicating the government's commitment to spending its way through the financial crisis. The Saudi budget is forecast to record a deficit in 2009 for the first time since 2002. The EIU predicts a budget deficit equal to 8.7% of GDP assuming a 6% increase in government spending. This is compared to a budget surplus that topped an estimated 33% in 2008.

The dominance of oil exports in Saudi's current account, combined with falling oil prices and OPEC mandated output cuts, point towards a negative current account balance in 2009, from surpluses of 25% and over of GDP in the three years previous.

Saudi's debt declined as a percentage of GDP from 31% in 2006 to 18.8% in 2008. This trend is expected to reverse in 2009 as nominal GDP falls and the government runs a deficit.

The Tadawul All Share Index (TASI) consists of all 128 stocks traded on the Saudi Stock Market. It currently has a value of 5250.22 and is up 9.31% since the beginning of the year. Its 52-week high is 10,121.6 and its 52-week low is 4,068.08. It has a current market capitalization of SAR401.2b.

USD: SAR: 3.7507

GDP	2006	2007*	2008*	2009**
Nominal GDP (USD Billions)	357	382	469	345
Nominal GDP Growth (%)	12.8	7.0	22.8	-26.4
Real GDP Growth (%)	3.2	3.4	4.2	0.4
GDP per capita (USD at PPP)	22082	22899	23680	23449
Origin of GDP (%)				
Oil	54.41	54.90		
Non-Oil	45.59	45.10		
Other Key Indicators (% of GDP)	2006	2007	2008*	2009**
Fiscal Balance	21.0	12.3	33.6	-8.7
Current Account Balance	28.3	25.4	26.2	-8.0
Outstanding Debt	31.0	24.9	18.8	33.7
Savings				
Investment				
Other Indicators	2006	2007	2008*	2009**
Population (Millions)	23.7	24.2	24.9	25.5
Short-Term Interest Rates (%)	5.2	5.5	2.5	2.0
CPI (% Change)	2.3	4.1	9.9	1.2

Capital Market Indicators 19/04/2009	TASI
Value	5250.22
YTD	9.31%
52 Week High	10121.6
52 Week Low	4068.08
P/E	14.72
Dividend Yield	4.39
Market Cap	401.2b SAR

Sources: Central Bank of Saudi Arabia, IMF, EIU.
*Estimates, ** forecasts, Bloomberg



U.A.E.

The UAE experienced tremendous economic growth over the past three years. Nominal GDP grew an estimated 46% in 2008, while real GDP grew around 7.4%. GDP per capita increased from USD33,800 in 2006 to USD56,666 in 2008.

In 2009, the EIU forecasts real GDP will contract by 1.6%. The bulk of the contraction will probably be felt by emirates other than Abu Dhabi as tourism and trade revenues decline forcing companies to fire more expatriates. Abu Dhabi controls the bulk of the UAE's oil wealth and is in a far better position to weather the financial crisis.

The UAE's fiscal surplus was an estimated 12.2% of GDP in 2008 due to strong growth in oil and non-oil sectors, despite a highly expansionary budget. The EIU forecasts a fiscal deficit equal to around 5.8% of GDP in 2009 due to the UAE's commitment to spend through the economic crisis, even if oil prices remain low. Due to this spending, outstanding debt will most likely increase in 2009, to a forecasted 11.9% of GDP from an estimated 11.3% in 2008.

The financial crisis has caused a shift in monetary policy from defending against inflation, which reached an estimated 14% in 2008, to thawing out credit markets. The Central Bank cut the repo rate, which has to track the U.S. rate because of the AED-USD currency peg, to 1.5% in October of 2008, and to 1% in January of 2009. Despite the cuts, the sharp fall in commodity prices as well as rents and property prices are expected to put downwards pressure on consumer prices, leading the EIU to forecast a 4.5% inflation rate for 2009.

The ADX General Index is a capitalization weighted index of stocks listed on the Abu Dhabi securities exchange. It has a current value of 2,694.99 and has gained 12.76% since the beginning of the year. Its 52-week high is 5,158.66 and its 52-week low is 2,130.02. The index is currently trading at a P/E of 7.98 and has a market cap of AED275.4b.

The Dubai Financial Market General Index is a capitalization weighted price index comprising of companies listed on the Dubai Financial Market. It has a current value of 1,744.65 and is up 6.62% since the beginning of the year. Its 52-week high was 5,899.05 and its 52-Week low was 1,427.93. It is trading at a P/E of 5.69 and it has a market capitalization of AED68.30b.

USD: AED: 3.6730

GDP	2006	2007*	2008*	2009**
Nominal GDP (USD Billions)	164	180	264	214
Nominal GDP Growth (%)	21.5	9.8	46.7	-18.9
Real GDP Growth (%)	9.4	6.3	7.4	-1.6
GDP per capita (USD at PPP)	38804	42500	56666	55468
Origin of GDP (% real change)				
Oil	38.10	38.60		
Non-Oil	61.90	61.40		

Other Key Indicators (% of GDP)	2006	2007	2008*	2009**
Fiscal Balance	12.5	9.8	12.2	-5.8
Current Account Balance	22.6	16.1	12.0	2.0
Outstanding Debt	10.1	10.9	11.3	11.9
Savings	43.3	42.1	43.3	42.5
Investment	21.3	21.6	21.7	22.7

Other Indicators	2006	2007	2008*	2009**
Population (Millions)	4.2	4.5	4.7	5.0
Short-Term Interest Rates (year end)			1.5	1.0
CPI (% Change)	9.3	11.1	14.0	4.5

Capital Market Indicators 19/04/2009	ADSMI	DFMGI		
Value	2694.99	1744.65		
YTD	12.76%	6.62%		
52 Week High	5158.66	5899.05		
52 Week Low	2130.02	1427.93		
P/E	7.98	5.69		
Dividend Yield	4.51	3.44		
Market Cap	275.4b AED	68.30b AED		

Sources: Central Bank of U.A.E., IMF, EIU.
*Estimates, ** forecasts, Bloomberg



Egypt

Egypt's nominal GDP grew substantially over the past three years at around 20% per year. Real GDP growth increased from 2006 to 2008, reaching an estimated high of 7.2% in 2008. The EIU estimates that real GDP growth will fall to around 3.8% in 2009. The drop in growth will most likely be due to tight global liquidity limiting growth in fixed investment and exports. The EIU forecasts growth in gross fixed investment to drop to 6.5%, while export growth will drop to 3.8%. Import growth will also slow, to 9%.

The Egyptian government has run a fiscal deficit for the past few years, although it has been declining as a percentage of GDP. The deficit reached an estimated 6.8% of GDP in 2008. The government will press forward with economic reform in 2009, which, combined with job losses and increased social service spending, will result in a higher deficit in 2009. The EIU forecasts the 2009 deficit to be 7% of GDP.

Egypt's outstanding debt was 114.2% of GDP in 2006; it declined to 101% in 2007 and further declined to an estimated 85.1% in 2008. The EIU forecasts the relative level of debt to stay somewhat stable at 84.3% of GDP in 2009.

The rate of inflation averaged 18.3% in 2008 due to high fuel prices and a higher sales tax on cigarettes. The EIU expects the rate to decline in 2009 because of lower commodity prices and the lagged effect of tighter monetary policy in 2008. Although the central bank has started loosening monetary policy again, by cutting overnight deposit rates to 10% and overnight lending rates to 12% in March, inflation is still expected to decline to around 8.1% in 2009.

The EGX 30 is a free-float capitalization weighted index of the 30 most highly capitalized and liquid stocks traded on the Egyptian exchange. It has a current value of 4968.62 and is up 8.09% from the beginning of the year. Its 52-week high is 12,039.1, while its 52-week low is 3,380.33. It is trading at a P/E of 9.17 and has a market capitalization of EGP151.7b.

The Egyptian pound started depreciating versus the dollar in mid-2008 having peaked at USD: EGP: 5.29. The dollar's role as the world's reserve currency combined with Egypt's ongoing interest rate cuts should result in the EGP continuing to depreciate versus the dollar in the near future.

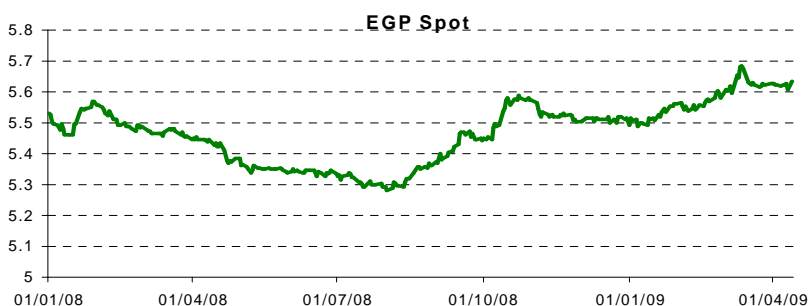
GDP	2006	2007*	2008*	2009**
Nominal GDP (USD Billions)	108	130	161	177
Nominal GDP Growth (%)	19.9	20.3	23.8	10.2
Real GDP Growth (%)	6.8	7.1	7.2	3.8
GDP per capita (USD at PPP)	4956	5354	5739	5898
Expenditure on GDP (% real change)				
Private Consumption	6.4	6.9	7.6	5.8
Government Consumption	3.1	0.2	2.1	4.0
Gross Fixed Investment	13.8	23.7	15.5	6.5
Exports	21.20	23.30	25.5	3.8
Imports	21.70	28.80	27.9	9.0

Other Key Indicators (% of GDP)	2006	2007	2008*	2009**
Fiscal Balance	-8.2	-7.5	-6.8	-7.0
Current Account Balance	2.5	0.4	-0.8	-0.6
Outstanding Debt	114.2	101	85.1	84.3
Savings	22.3	22.8	20.0	18.4
Investment	20.9	22.3	21.8	21.5

Other Indicators	2006	2007	2008*	2009**
Exchange Rate EGP: USD (average)	5.73	5.63	5.43	5.68
Population (Millions)	74.2	75.5	77.1	78.6
Short-Term Interest Rates (%)	10.75	10.75	13.5	12.0
CPI (% Change)	7.6	9.5	18.3	8.1

Capital Market Indicators 19/04/2009	EGX 30
Value	4968.62
YTD	8.09%
52 Week High	12039.1
52 Week Low	3380.33
P/E	9.17
Dividend Yield	37.25
Market Cap	151.7b EGP

Sources: Central Bank of Egypt, IMF, EIU.
*Estimates, ** forecasts, Bloomberg





Jordan

Jordan's real GDP growth declined from 6.3% in 2006 to an estimated 5.8% in 2008 as prospects for the services sector worsen. The EIU estimates real GDP growth will slow to 3.5% in 2009 as FDI from GCC states will decline due to falling oil prices and tight liquidity. The EIU forecasts the rate of growth of fixed investment at 2.5% in 2009, down from 8.5% in 2008; export growth is forecast to turn negative, as is import growth.

Jordan's current account balance has been in deficit over the past few years. In 2007 the current account deficit was 16.7% of GDP; in 2008 it was estimated to be 23.9% of GDP. The increase in the size of the deficit was due to rising oil and other commodity prices. The EIU forecasts an 11.8% current account deficit in 2009. The sharp fall in size is due to discounted Iraqi crude supplies, which started in late 2008, and because of the decline in price of other international commodities.

Consumer prices increased by 5.7% in 2007 and 9.5% in 2008. Much of the increase was registered in the first three quarters of 2008 as oil prices increased and fuel subsidies were replaced with a fuel price adjustment mechanism, exposing the population to higher utility costs. The rising cost of foodstuff and the weakness of the dollar also contributed. The fourth quarter experienced rapidly falling energy prices and a stronger USD, both of which tempered the growth in consumer prices.

The ASE General Index is a free float market capitalization weighted index of the most liquid and capitalized companies traded on the first and second markets of the Amman Stock Exchange. It has a current value of 2,825.31 and is up 2.42% since the beginning of the year. Its 52-week high is 5,091.89 and its 52-week low is 2,521.20. It is trading at a P/E of 11.91 and has a market capitalization of JOD22.29b.

USD: JOD: 0.7070

GDP	2006	2007*	2008*	2009**
Nominal GDP (USD Millions)	14839	16532	20097	21595
Nominal GDP Growth (%)	17.7	11.4	21.6	7.5
Real GDP Growth (%)	6.3	6.0	5.8	3.5
GDP per capita (USD at PPP)	4505	4746	4939	4974
Expenditure on GDP (% real change)				
Private Consumption	4.8	4.5	3.8	2.7
Government Consumption	5.0	6.5	5.9	2.5
Gross Fixed Investment	11.0	9.0	8.5	2.5
Exports	10.50	9.00	7.0	-2.0
Imports	8.60	7.50	5.5	-1.6
Other Key Indicators (% of GDP)	2006	2007	2008*	2009**
Fiscal Balance	-6.9	-8.2	-9.3	-10.2
Current Account Balance	-10.6	-16.7	-23.9	-11.8
Outstanding Debt	68.7	69.9	62.2	65.7
Savings	20.6	14.4	15.7	17.6
Investment	31.9	31.9	31.2	31.0
Other Indicators	2006	2007	2008*	2009**
Exchange Rate JD:USD (Average)	0.709	0.709	0.709	0.709
Population (Millions)	5.7	5.9	6.1	6.3
Short-Term Interest Rates (%)	8.5	6.75	6.0	5.5
CPI (% Change)	7.4	5.7	9.5	9.3

Capital Market Indicators 19/04/2009	ASEGI			
Value	2825.31			
YTD	2.42%			
52 Week High	5091.89			
52 Week Low	2521.20			
P/E	11.91			
Dividend Yield	3.13			
Market Cap	22.29b JOD			

Sources: Central Bank of Jordan, IMF, EIU.
*Estimates, ** forecasts, Bloomberg



Lebanon

Lebanese real GDP grew 4% in 2007 and an estimated 6.3% in 2008. The EIU predicts GDP growth will fall to 2.4% in 2009 as the tourism, real estate, construction and financial sectors struggle. Growth in exports will also fall, although this likely to be balanced by lower import growth.

Lebanon has a large current account deficit, which was around 13.4% of GDP last year. The EIU forecast a decline in the deficit to around 9.7% of GDP in 2009 as lower import costs will likely outweigh the impact of declining regional demand for exports.

Consumer prices grew by an estimated 5.5% in 2008, down from 9.3% in 2007 as inflationary pressures ease. The EIU predicts an inflation rate of 3% in 2009.

Lebanon's debt in 2008 was estimated to be 162% of its GDP. Its fiscal deficit was around 10.5% of GDP. Government consumption growth will be slower than previously as the government tries to limit its fiscal deficit. Fixed Investment growth, in 2009, will also slow as foreign investors remain cautious. Private consumption growth is likely to decline as well, due to a probable decrease in remittances to Lebanon

The BLOM stock index is a market capitalization weighted index of all the listed companies on the Beirut Stock Exchange. It has a current value of 1,093.89 and has lost just over 7% since the beginning of the year. Its 52-week high was 2,119.42 and its 52-week low was 1,042.91. It is trading at a P/E of 16.36 and has a market capitalization of USD7.06b.

USD: LBP: 1501-1514 trading band

GDP	2006	2007*	2008*	2009**
Nominal GDP (USD Millions)	22704	24600	27783	32068
Nominal GDP Growth (%)	5.3	8.4	12.9	15.4
Real GDP Growth (%)	-4.3	4.0	6.3	2.4
GDP per capita (USD at PPP)	9339	9873	10597	10822
Expenditure on GDP (% real change)				
Private Consumption	-7.0	4.2	6.3	2.2
Government Consumption	6.0	5.0	4.0	3.0
Gross Fixed Investment	-8.0	6.1	8.0	2.0
Exports	-9.00	4.00	6.5	2.0
Imports	-10.00	6.00	6.5	1.8
Other Key Indicators (% of GDP)	2006	2007	2008*	2009**
Fiscal Balance	-13.3	-10.3	-10.5	-10.6
Current Account Balance	-5.3	-8.3	-13.4	-9.7
Outstanding Debt	177.8	170.9	162.4	148.4
Savings	5.2	7.0	7.7	9.2
Investment	11.4	17.6	17.1	18.7
Other Indicators	2006	2007	2008*	2009**
Exchange Rate LBP:USD (Average)	1507.5	1507.5	1507.5	1507.5
Population (Millions)	0.4	4.1	4.1	4.2
Short-Term Interest Rates (%)	12.0	13.0	13.0	13.0
CPI (% Change)	5.6	9.3	5.5	3.0

Sources: Central Bank of Lebanon, IMF, EIU.
*Estimates, ** forecasts

Capital Market Indicators 19/04/2009	BLOM
Value	1093.89
YTD	-7.16%
52 Week High	2119.42
52 Week Low	1042.91
P/E	16.36
Dividend Yield	3.33
Market Cap	7.06b USD

Sources: Central Bank of Lebanon, IMF, EIU.
*Estimates, ** forecasts, Bloomberg



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