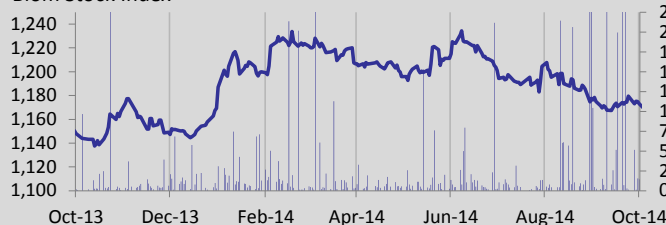


Daily Market Bulletin

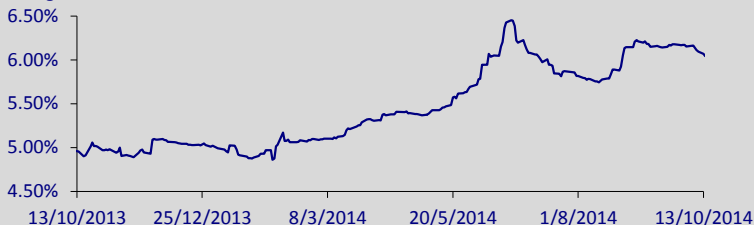
Wednesday October 15, 2014



Blom Stock Index



Weighted Effective Yield on Eurobonds



BLOM Indices*

	Last	Previous	% Change
BSI	1,168.86	1,169.26	-0.03%
High	1,169.46	1,171.26	
Low	1,167.52	1,167.73	
Vol	92,758	559,093	-83.41%
Val	\$921,350	\$1,512,809	-39.10%

BPSI	104.88	104.91	-0.03%
Vol	27,350	4,650	
Val	\$288,030	\$469,550	

BBI	108.28	108.22	0.06%
10Y Yield	6.21%	6.22%	-1
Spread 10Y US	400	391	9

BLOM Funds	14/10/2014	
Cedars A (\$)	\$ 7,317.22	-0.10%
Cedars B (\$)	\$ 5,231.75	-0.10%
Cedars C (\$)	\$ 5,557.48	-0.10%
Petra A (JOD)	\$ 2,843.22	-
Petra B (\$)	\$ 4,731.55	-
BBF**	\$ 9,608.62	
Pyramids	\$ 6087.20	-0.78%

Foreign Exchange Market

\$/LBP	1,512.00	1,512.00	-
€/LBP	1,905.78	1,907.14	-0.07%
£/LBP	2,399.34	2,404.01	-0.19%

NEER****	139.20	139.04	0.12%
----------	--------	--------	-------

Money & TB's Market Rates

LBP Interbank Rate	2.75%
--------------------	-------

	Lebanese TBs	Beirut \$ Market
1 w		0.00%
1 M		0.03%
3 M	4.39%	0.10%
6 M	4.87%	0.16%
1 Y	5.08%	0.25%
2 Y	5.84%	0.47%
3 Y	6.50%	0.91%
5 Y	6.74%	1.98%

MARKET WRAP UP

The BLOM Stock Index (BSI) slightly fell on Wednesday, with a minor 0.03% decrease to 1,168.86 points, following the trade of 92,758 shares worth \$921,350. The banking sector grasped 69.49% of total traded value. Byblos Bank preferred 2008 shares decreased in price by 0.20% to close at \$100.80 per share, while BLOM Bank preferred 2011 shares, BLOM Bank listed shares and Bank Audi listed shares were traded without any changes in price. In the real estate sector, Solidere "A" and "B" shares decreased by 1.01% and 0.08% respectively to close at \$11.80 each. In the industrial sector, HOLCIM posted a 3.33% increase, ending today's trading session at a price of \$15.50 per share.

The Lebanese Eurobonds progressed, where the BLOM Bond Index (BBI) inched up 0.06% to 108.28 points. The 5Y Lebanese Eurobonds' yield stabilized at 5.15%, while the 10Y Lebanese Eurobonds' yield lost 1 basis point (bp) to 6.21%. The 5Y spread against the US Treasury benchmark jumped by 10 bps to 370 bps. Similarly, the 5Y Credit Default Swaps (CDS) broadened by 8 bps to 347-377 bps.

According to the Ministry of Finance, Lebanon's fiscal deficit narrowed by 17.71% year-on-year (y-o-y), descending to \$1.58B in the first half (H1) of 2014. The first key driver of this descent is government revenues, which are divided to tax revenues and non-tax revenues. Combined, these two revenues resulted in an 11.43% y-o-y decrease. Tax revenues suffered a 13.28% y-o-y decrease by H1 to \$3.80B, mainly attributable to customs revenues and VAT revenues, which fell by respective 23.82% and 21.11% to \$638.06M and \$1.09B. These decreases are likely caused by the slowing down of trade via land from across the Syrian border and the decrease of imports during the period. Non-tax revenues also stumbled, revealing a 4.36% y-o-y drop to \$1.10B. This was due to the 11.33% y-o-y decrease in telecom revenues to \$624.11M, which were affected by lower tariffs on telecom. The other main impact on Lebanon's fiscal deficit is the total expenditures, which have decreased by 5.90% y-o-y to \$5.73B. General expenditures decreased to \$3.5B, with diminishing EdL transfers an important factor. Meanwhile interest payments on Lebanon's public debt increased by 1.61% to \$2.08B. Interest payments on domestic debt rose by 1.35% to \$1.27B. Interest payments on foreign debt also increased, by 2.01% to \$808.85M. The primary surplus, which excludes the government's debt service, for H1 2014 stood at \$580M, up from \$217M for the same period in 2014, reflecting the government's capability of securing sufficient revenues to cover current costs.

	Last	Change	Volume	Vwap
Solidere (A)	\$11.80	-1.01%	22,773	\$11.82
Solidere (B)	\$11.80	-0.08%	1,010	\$11.80
BLOM GDR	\$9.40	-	-	-
BLOM Listed	\$8.75	-	36,365	\$8.75
BLOM Pref 11	\$10.20	-	27,250	\$10.20
Audi Listed	\$6.00	-	5,000	\$6.00
AUDI GDR	\$6.16	-	-	-
Byblos Pref 08	\$100.80	-0.20%	100	\$100.80
HOLCIM	\$15.50	3.33%	260	\$15.50

	Price	Yield
Aug. 2015	104.16	3.45%
Jan. 2016	106.01	3.71%
May 2016	112.11	3.79%
June.2018	101.49	4.71%
Mar. 2020	104.37	5.44%
Apr. 2021	114.88	5.51%
Oct. 2022	101.83	5.82%
Jan. 2023	100.68	5.90%
Dec. 2024	106.26	6.19%
Nov. 2026	102.13	6.35%
Nov. 2027	102.99	6.41%

	BSI	BPSI	BBI	NEER
Year to date	1.63%	-0.29%	2.50%	7.86%
	Cedars A	Cedars B	Petra A	Petra B
Year to date	5.22%	5.37%	3.70%	3.70%