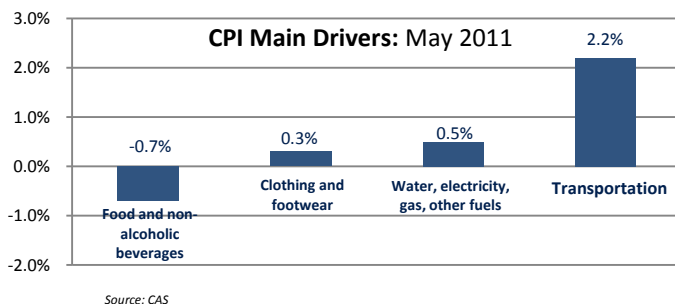
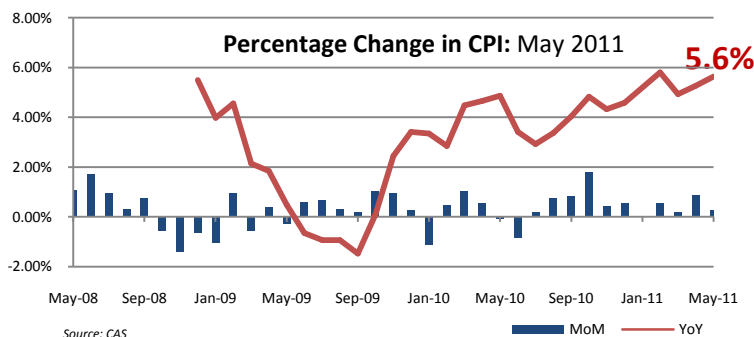


LEBANON INFLATION WATCH: MAY 2011

LEBANON'S CONSUMER PRICE INDEX (CPI) UP 5.6% YOY in May 2011:

May 2011 saw Lebanon's Consumer Price Index increase 5.6% YoY from 110.0 in May 2010 to 116.2 in May 2011. The index rose 0.2% from 115.9 in April 2011. CPI measures the price of goods in an economy by tracking the cost of a basket of goods over time and is used as a proxy for inflation.



The biggest changers were transportation, which rose 2.2% from April 2011, while water, electricity, gas and other fuels expenses were up 0.5%, and clothing and footwear increased 0.3%. The month's single decline was food and non-alcoholic beverages, which represents 19.9% of the index weight, falling -0.7% MoM, but still higher by 7.2% YoY. The cost of transportation was the major driver of the index as it represents 12.3% the index's weight and increased more over the May-April period than any other component. Other components of the index changed little, like restaurants and hotels up 0.4% while miscellaneous goods, health, alcoholic beverages and tobacco, furnishings were all up by 0.1%. Education, communication, housing, recreation and amusement were unchanged.

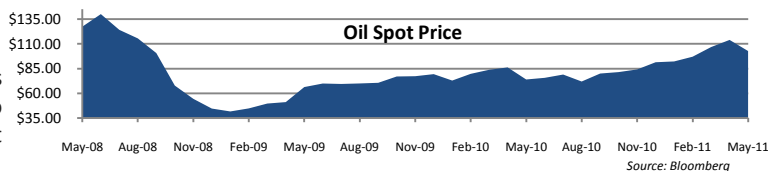
MONEY SUPPLY IN LEBANON

M3, a benchmark for broad money, is the sum of currency in circulation, sight and time deposits in Lebanese pounds and deposits in foreign currencies and other financial liabilities. M3 increased by 1.6% MoM to 142,002 billion Lebanese pounds (USD 94.2 billion) in April 2011 and up 9.8% YoY from 129,270 billion Lebanese pounds (USD 85.8 billion) in April 2010.

INTERNATIONAL FACTORS TO WATCH

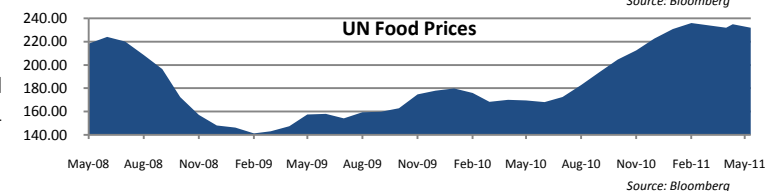
OIL SPOT PRICE

The WTI Cushing Spot Price measures the spot price of West Texas Intermediate oil on world markets. MoM, the price dropped -9.9% to \$102.7 per barrel from \$113.9 per barrel in April 2011, although it increased 38.8% YoY.



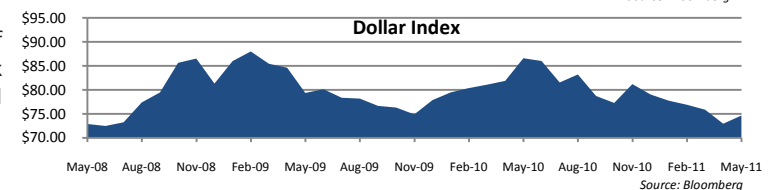
UN FOOD PRICE

The UN Food Price is an index which measures the prices of global food staples. The index is down -1.3% MoM to 232.0 from 235.0 in April 2011 but rose 36.9% YoY.



DOLLAR INDEX

The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies. The index, recently back trading below \$75.00, is up 2.3% MoM to \$74.64 from \$72.93 in April 2011 but down -13.8% YoY.



SEASONALLY ADJUSTED CHANGES FROM PREVIOUS MONTHS

UNADJUSTED 12-MO. ENDED MAY-11

	OCT-10	NOV-10	DEC-10	FEB-11	MAR-11	APR-11	MAY-11	
LEBANON CONSUMER PRICE INDEX	1.8%	0.4%	0.5%	0.6%	0.1%	0.9%	0.2%	5.6%
Food and non-alcoholic beverages	1.6%	-0.3%	1.1%	0.4%	0.8%	0.5%	-0.7%	7.2%
Alcoholic beverages, tobacco	0.2%	-0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	0.7%
Clothing and footwear	7.8%	-9.1%	0.9%	-0.5%	3.1%	2.2%	0.3%	21.8%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water, electricity, gas and other fuels	2.6%	2.4%	1.7%	2.0%	2.5%	1.5%	0.5%	12.0%
Furnishings, household equipment and routine household maintenance	0.4%	3.2%	0.0%	0.3%	0.2%	0.1%	0.1%	1.0%
Health	3.0%	1.0%	-1.0%	0.3%	0.1%	1.6%	0.1%	4.2%
Transportation	-0.4%	5.1%	0.9%	2.2%	-4.0%	3.3%	2.2%	5.1%
Communication	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recreation, amusement and culture	1.4%	0.3%	0.2%	0.3%	0.1%	0.0%	0.0%	2.4%
Education	6.6%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	6.7%
Restaurant & hotels	2.0%	1.3%	0.2%	0.8%	0.1%	0.5%	0.4%	6.6%
Miscellaneous goods & services	0.3%	0.1%	0.0%	0.2%	0.3%	0.2%	0.1%	1.7%

Source: CAS

For more information, please contact:

FFA Private Bank - Beirut
Research Department
+961 1 985 195

Disclaimer

This document has been issued by FFA Private Bank for informational purposes only. This document is not an offer or a solicitation to buy or sell the securities mentioned. This document was prepared by FFA Private Bank from sources it believes to be reliable. FFA Private Bank makes no guarantee or warranty to the accuracy and thoroughness of the information mentioned, and accepts no responsibility or liability for damages incurred as a result of opinions formed and decisions made based on information presented in this document.