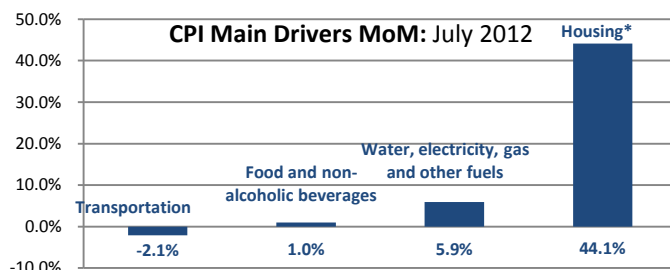
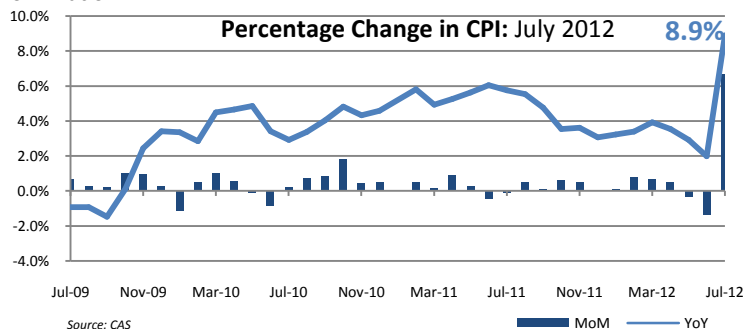


LEBANON INFLATION WATCH: July 2012

LEBANON'S CONSUMER PRICE INDEX (CPI) up 8.9% YoY in July 2012:

July 2012 saw Lebanon's Consumer Price Index increase 8.9% YoY from 115.6 in July 2011 to 125.9 in July 2012. The index increased 6.6% MOM from 118.0 in June 2012. 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.



*Housing adjusted in July 2012 and not revised for the prior three years overstates MoM and YoY calculations.

Source: CAS

According to the IMF, the inflation in Lebanon is estimated at 3.1% for 2011, 4.5% for 2012 and 2.0% for the following four years until 2016.

The biggest changers were housing, which increased 44.1% between July 2009 and July 2012 (lack of housing revisions in the previous three year periods overestimates MoM and YoY calculations), water, electricity, gas and other fuels which increased 5.9% while food and non-alcoholic beverages decreased -1.0%, and transportation decreased -2.1%. Other components of the index also changed, like restaurant and hotels up 0.9%, alcoholic beverages, tobacco up 0.1%, clothing and footwear up 0.1%. Health decreased -0.2%. Furnishings, household equipment and routine household maintenance, communication, recreation, amusement and culture, education and miscellaneous goods & services remained unchanged. The cost of housing was the major driver of the index at 44.1% and representing a 16.2% weighting in the CPI index.

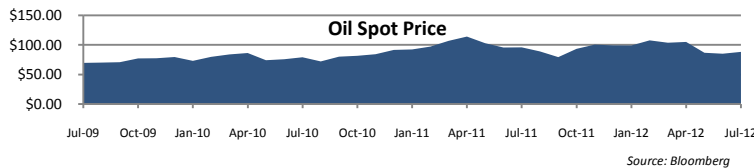
MONEY SUPPLY IN LEBANON

M3 increased by 0.4% MoM to 151,292 billion Lebanese pounds (USD 100.4 billion) in June 2012 and was up 6.5% YoY from 142,056 billion Lebanese pounds (USD 94.2 billion) in June 2011. 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.

INTERNATIONAL FACTORS TO WATCH

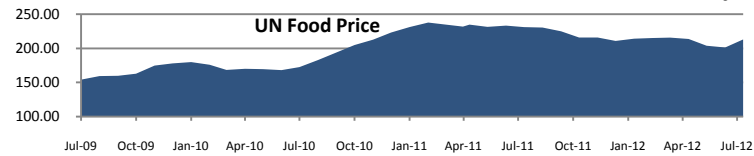
OIL SPOT PRICE

WTI Cushing Spot Price increased 3.6% MoM to \$88.1 per barrel from \$85.0 per barrel in June 2012. YoY, it decreased -8.0%. The WTI Cushing Spot Price measures the price of West Texas Intermediate oil on world markets. Brent Spot Price increased 6.2% MoM but decreased -10.0% YoY to \$103.8 per barrel.



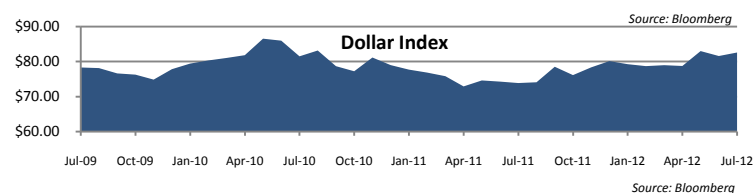
UN FOOD PRICE

UN Food Price Index is up 5.8% MoM to 213.1 from 201.4 in June 2012 but down -7.8% YoY. The UN Food Price is an index measures the prices of global food staples.



DOLLAR INDEX

Dollar Index is up 1.2% MoM to \$82.6 from \$81.6 in June 2012 and up 11.8% YoY. The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies.



	SEASONALLY ADJUSTED CHANGES FROM PREVIOUS MONTHS							UNADJUSTED 12-MO. ENDED JUL-12
	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	
LEBANON CONSUMER PRICE INDEX	0.1%	0.8%	0.7%	0.5%	-0.3%	-1.3%	6.6%	8.9%
Food and non-alcoholic beverages	0.1%	0.6%	0.8%	0.5%	0.3%	-1.6%	1.0%	6.8%
Alcoholic beverages, tobacco	0.1%	-0.4%	0.3%	0.0%	0.0%	0.0%	0.1%	11.2%
Clothing and footwear	0.4%	0.1%	0.5%	0.8%	0.5%	-0.3%	0.1%	5.7%
Housing*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	44.1%	44.1%
Water, electricity, gas and other fuels	-0.2%	1.1%	0.6%	-0.7%	-1.5%	-3.6%	5.9%	1.6%
Furnishings, household equipment and routine household maintenance	0.0%	0.2%	0.3%	0.2%	0.0%	0.0%	0.0%	1.8%
Health	-1.2%	0.7%	0.1%	0.0%	0.1%	-1.4%	-0.2%	-2.8%
Transportation	0.9%	3.2%	3.2%	2.9%	-2.2%	-4.6%	-2.1%	-2.8%
Communication	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recreation, amusement and culture	0.1%	0.2%	0.1%	0.0%	0.1%	0.9%	0.0%	5.4%
Education	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%
Restaurant & hotels	0.1%	1.3%	0.2%	0.3%	0.3%	0.2%	0.9%	5.5%
Miscellaneous goods & services	0.1%	1.1%	0.1%	0.5%	0.7%	0.1%	0.0%	3.8%

*Housing adjusted in July 2012 and not revised for the prior three years overstates MoM and YoY calculations.

Source: CAS

For more information, please contact:

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

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