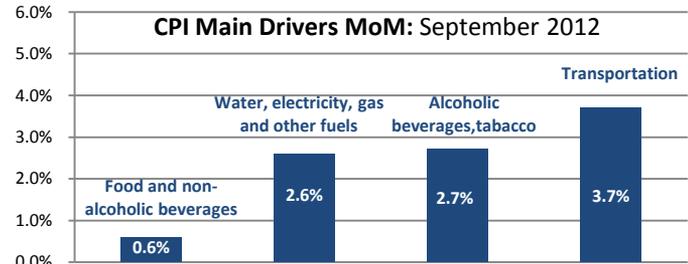
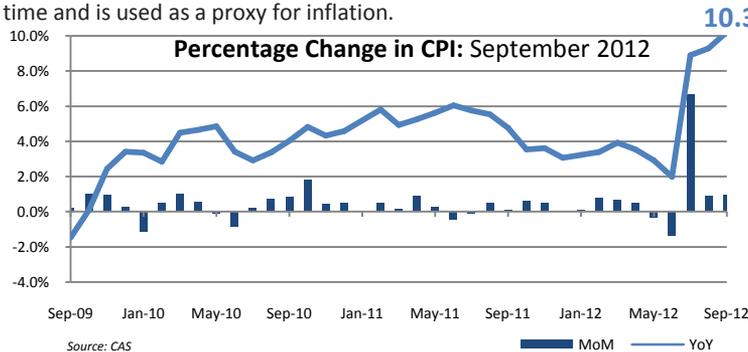


# LEBANON INFLATION WATCH: September 2012

## LEBANON'S CONSUMER PRICE INDEX (CPI) up 10.3%\* YoY in September 2012:

September 2012 saw Lebanon's Consumer Price Index increase **10.3%\*** YoY from 116.3 in September 2011 to 128.2 in September 2012. The index increased 0.9% MOM from 127.0 in August 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.



Source: CAS

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

According to the IMF, the inflation in Lebanon is estimated at 3.1% for 2011, 10.1% for 2012 and 2.0% for the following four years until 2016.

The biggest changers were transportation which increased 3.7% MoM, alcoholic beverages, tobacco, which increased 2.7% MoM, water, electricity, gas and other fuels which increased 2.6% and food and non-alcoholic beverages which increased 0.6%. The cost of transportation was the major driver of the index, as it represents 12.3% of the index's weight and changed more over the August-September period than any other component. Other components of the index also changed, like health up 0.3%, miscellaneous goods & services up 0.3%, clothing and footwear up 0.2%, furnishings, household equipment and routine household maintenance up 0.1%, recreation, amusement and culture up 0.1% and restaurant and hotels up 0.1%. Housing, communication and education remained unchanged.

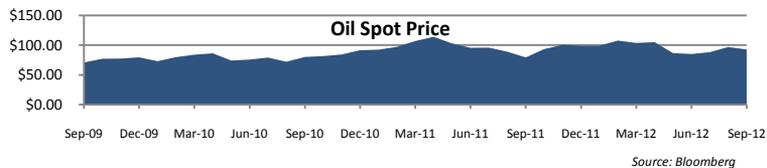
## MONEY SUPPLY IN LEBANON

M3 increased by 0.6% MoM to 152,377 billion Lebanese pounds (USD 101.1 billion) in August 2012 and was up 6.2% YoY from 143,530 billion Lebanese pounds (USD 95.2 billion) in August 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 decreased -4.3% MoM to \$92.6 per barrel from \$96.7 per barrel in August 2012. YoY, it increased 16.9%. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price decreased -2.2% MoM but increased 8.6% YoY to \$111.6 per barrel.



Source: Bloomberg

### UN FOOD PRICE

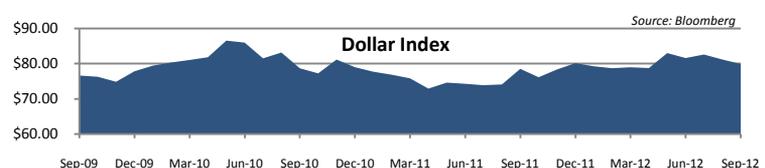
UN Food Price Index is up 1.5% MoM to 215.8 from 212.6 in August 2012 but down -4.1% YoY. The UN Food Price Index measures the prices of global food staples.



Source: Bloomberg

### DOLLAR INDEX

Dollar Index is down -1.6% MoM to \$79.9 from \$81.2 in August 2012 but up 1.8% YoY. The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies.



Source: Bloomberg

### SEASONALLY ADJUSTED CHANGES FROM PREVIOUS MONTHS

### UNADJUSTED 12-MO. ENDED SEP-12

	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	
<b>LEBANON CONSUMER PRICE INDEX</b>	<b>0.7%</b>	<b>0.5%</b>	<b>-0.3%</b>	<b>-1.3%</b>	<b>6.6%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>10.3%*</b>
Food and non-alcoholic beverages	0.8%	0.5%	0.3%	-1.6%	1.0%	0.3%	0.6%	5.6%
Alcoholic beverages, tobacco	0.3%	0.0%	0.0%	0.0%	0.1%	4.9%	2.7%	19.4%
Clothing and footwear	0.5%	0.8%	0.5%	-0.3%	0.1%	0.0%	0.2%	5.5%
Housing*	0.0%	0.0%	0.0%	0.0%	44.1%	0.00%	0.00%	44.1%
Water, electricity, gas and other fuels	0.6%	-0.7%	-1.5%	-3.6%	5.9%	3.0%	2.6%	7.1%
Furnishings, household equipment and routine household maintenance	0.3%	0.2%	0.0%	0.0%	0.0%	0.2%	0.1%	1.6%
Health	0.1%	0.0%	0.1%	-1.4%	-0.2%	0.4%	0.3%	-2.1%
Transportation	3.2%	2.9%	-2.2%	-4.6%	-2.1%	3.5%	3.7%	4.1%
Communication	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recreation, amusement and culture	0.1%	0.0%	0.1%	0.9%	0.0%	0.1%	0.1%	5.3%
Education	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%
Restaurant & hotels	0.2%	0.0%	0.3%	0.2%	0.9%	0.2%	0.1%	5.1%
Miscellaneous goods & services	0.1%	0.5%	0.7%	0.1%	0.0%	0.2%	0.3%	3.7%

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

Source: CAS

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