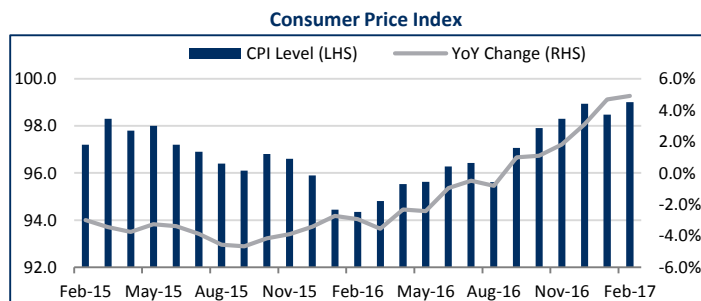


## Economics Research – Lebanon Inflation Watch – February 2017

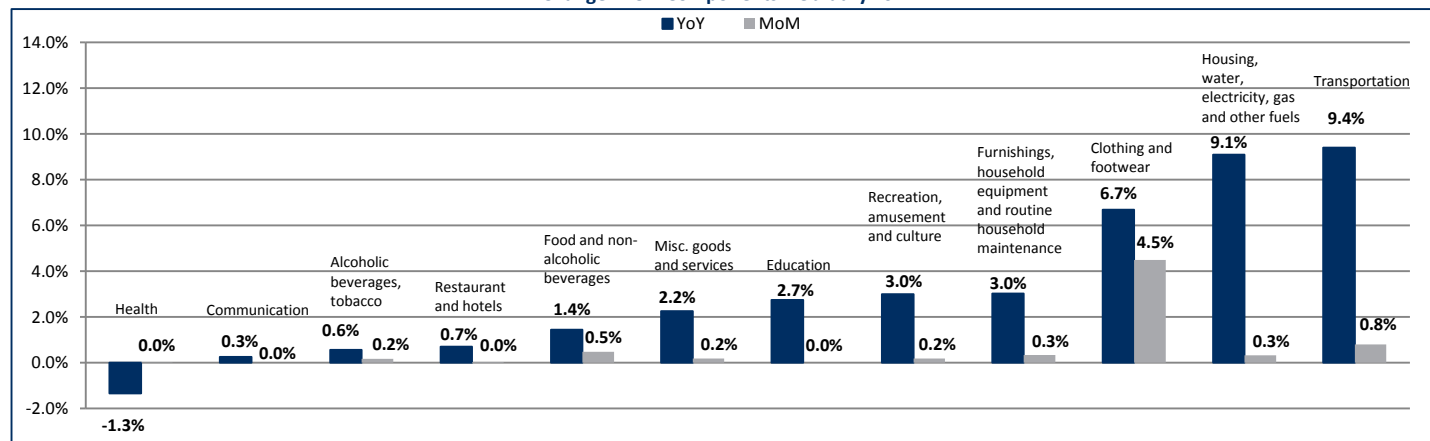
### LEBANON'S CONSUMER PRICE INDEX (CPI) up +4.9% YoY in February 2017:

Lebanon's Consumer Price Index up +4.9% YoY to 99.00 in February 2017 from 94.35 in February 2016 and +0.5% MoM from 98.47 in January 2017 (according to a revised version from CAS). The biggest drivers YoY were housing, water, electricity, gas and other fuels which increased +9.1% (+0.3% MoM), transportation which increased +9.4% (+0.8% MoM), clothing and footwear which increased +6.7% (+4.5% MoM) and health which decreased -1.3% (flat MoM).

According to the IMF, inflation in Lebanon was +4.8% in 2013, +1.8% in 2014, -3.7% in 2015 and estimated at -0.7% in 2016 and +2.0% in 2017 (using average consumer prices).

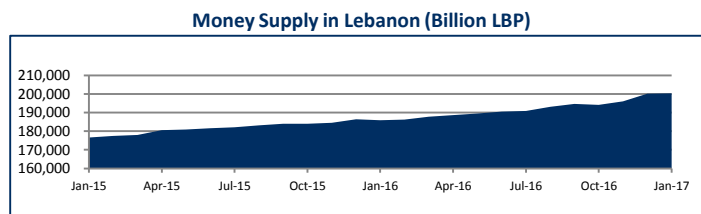


### Change in CPI Components: February 2017



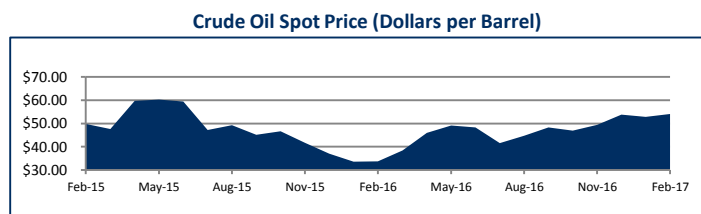
### MONEY SUPPLY IN LEBANON

M3 increased +7.8% YoY and +0.1% MoM to LBP 200,310 billion (USD 132.9 billion) in January 2017. 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. Net foreign assets were up +9.9% YoY (+2.0% MoM), net claims on public sector were up +6.6% YoY (-0.2% MoM) and claims on private sector were up +5.3% YoY (-0.3% MoM).



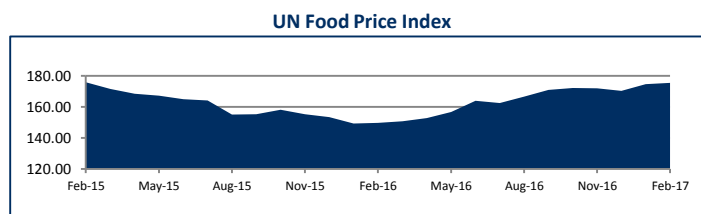
### CRUDE OIL SPOT PRICE

WTI Cushing spot price rose +60.0% YoY and +2.3% MoM to \$54.01 per barrel in February 2017. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased +54.5% YoY yet was down -0.2% MoM to \$55.59 per barrel. WTI oil prices increased over the month of February following record compliance of 90% with agreed OPEC output cuts as well as higher forecasts of oil demand for 2017 despite significant build in US crude inventories.



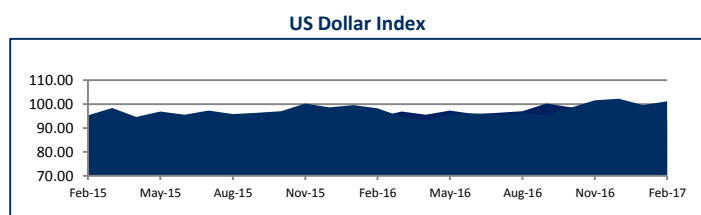
### UN FOOD PRICE INDEX

UN Food Price Index surged +17.2% YoY in February 2017 to 175.50 from 149.70 in February 2016 and +0.5% from its January value. The UN Food Price Index measures the price of global food staples. The price of sugar was up +55.2% YoY (+0.6% MoM) followed by the price of dairy up +36.8% (+0.6% MoM), vegetable oils up +18.9% (-4.1% MoM), meat up +9.5% (+1.1% MoM) and cereals up +1.6% (+2.5% MoM).



### US DOLLAR INDEX

US Dollar Index was up +3.0% YoY and +1.6% MoM to \$101.12 in February 2017. The US Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies. The US Dollar Index ended the month higher on hawkish US Fed officials comments, better-than-expected US macro data and weaker Euro amid political uncertainty ahead of Dutch and French presidential elections.





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