

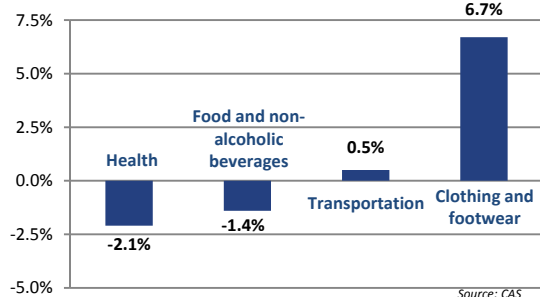
LEBANON INFLATION WATCH: April 2014

LEBANON'S CONSUMER PRICE INDEX (CPI) down -0.1% MoM in April 2014:

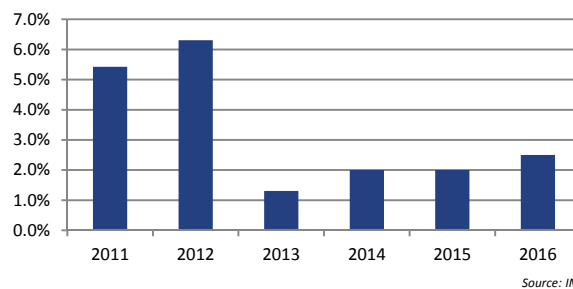
April 2014 saw Lebanon's Consumer Price Index decrease -0.1% MoM from 101.8 in March 2014 to 101.6 in April 2014 (according to newly revised version from CAS). CPI measures the price of goods in an economy by tracking the cost of a basket of goods over time and is used as a proxy for inflation.

The biggest changers MoM were clothing and footwear which increased 6.7%, transportation which increased 0.5%, food and non-alcoholic beverages which decreased -1.4% health which decreased -2.1%. The cost of clothing and footwear was the major driver of the index, as it represents 5.4% of the index's weight and changed more over the April-March period than any other component. Other components of the index also changed like housing water, electricity, gas and other fuels up 0.1%, miscellaneous goods & services up 0.1%, furnishings, household equipment and routine household maintenance down -0.1%, communication down -0.1%, restaurant and hotels down -0.1%. Alcoholic beverages, tobacco, recreation, amusement and culture and education remained unchanged.

CPI Main Drivers MoM: April 2014



Annual Inflation: 2011-2016



According to the IMF, inflation in Lebanon was 5.4% for 2011, 6.3% for 2012 and 1.3% for 2013, and is estimated at 2.0% for 2014 and 2015 and 2.5% for 2016, (using end of period prices).

MONEY SUPPLY IN LEBANON

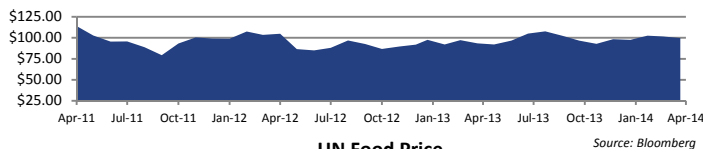
M3 was up 0.6% MoM at 169,282 billion Lebanese pounds (USD 112.3 billion) in March 2014 and was up 6.1% YoY from 159,563 billion Lebanese pounds (USD 105.8 billion) in March 2013. M3, a benchmark for broad money, is the sum of currency in circulation, sight and time deposits in Lebanese pounds and deposits in foreign currencies and other financial liabilities.

INTERNATIONAL FACTORS TO WATCH

OIL SPOT PRICE

WTI Cushing spot price decreased -1.8% MoM to \$99.7 per barrel. YoY, it increased 6.7%. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased 0.3% MoM but decreased -1.8% YoY to \$108.1 per barrel.

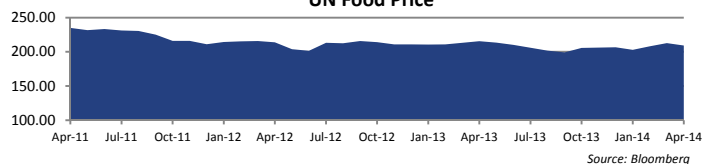
Oil Spot Price



UN FOOD PRICE

UN Food Price Index was down -1.6% MoM to 209.3 and -2.9% YoY. The UN Food Price Index measures the prices of global food staples.

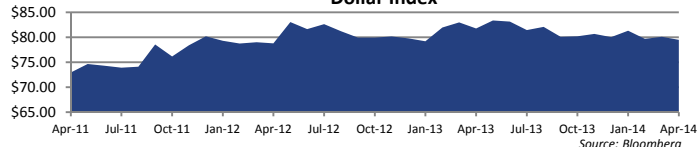
UN Food Price



DOLLAR INDEX

Dollar Index was down -0.8% MoM to \$79.5 and -2.8% YoY. The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies.

Dollar Index



Lebanon December 2013 =100	Monthly Change	April 2014 Index	March 2014 Index	Weights
Food and non-alcoholic beverages	-1.4%	101.7	103.1	20.6
Alcoholic beverages, tobacco	0.0%	105.7	105.8	1.6
Clothing and footwear	6.7%	112.7	105.6	5.4
Housing water, electricity, gas and other fuels	0.1%	101.2	101.1	28.5
Furnishings, household equipment and routine household maintenance	-0.1%	100.5	100.6	3.7
Health	-2.1%	99.3	101.5	7.8
Transportation	0.5%	101.4	100.8	13.1
Communication	-0.1%	99.9	100.0	4.6
Recreation, amusement, and culture	0.0%	100.6	100.5	2.3
Education	0.0%	100.1	100.1	5.9
Restaurant & hotels	-0.1%	101.8	101.8	2.6
Miscellaneous goods & services	0.1%	101.0	100.9	4.0
Consumer Price Index	-0.1%	101.6	101.8	100.0

Source: CAS

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