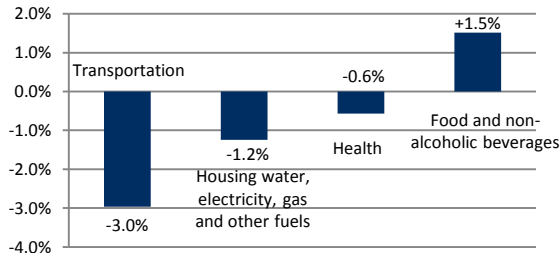


LEBANON'S CONSUMER PRICE INDEX (CPI) down -0.5% MoM in August 2015:

Lebanon's Consumer Price Index down -0.5% MoM from 96.9 in July 2015 to 96.4 in August 2015 (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.

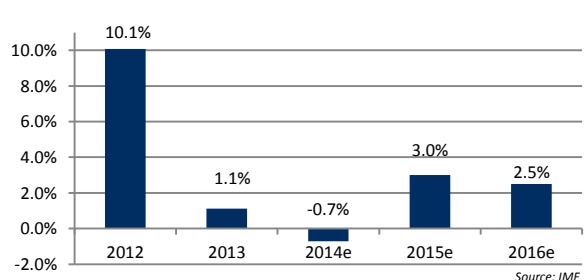
The biggest drivers MoM were transportation which decreased -3.0%, housing water, electricity, gas and other fuels which decreased -1.2%, health which decreased -0.6% while food and non-alcoholic beverages increased +1.5%. The cost of transportation was the major driver of the index, as it represents 13.1% of the index's weight and changed more over the July-August period than any other component. Other components of the index decreased like clothing and footwear down -0.2% and furnishings, household equipment and routine household down -0.1% while alcoholic beverages, tobacco up +0.1% and restaurant & hotels up +0.1%. Communication, recreation, amusement, and culture, education and miscellaneous goods & services remained unchanged.

CPI Main Drivers MoM: August 2015



Source: CAS

Annual Inflation: 2012a-2016e



Source: IMF

According to the IMF, inflation in Lebanon was +10.1% for 2012 and +1.1% for 2013, and is estimated at -0.7% for 2014, +3.0% for 2015 and +2.5% for 2016 (using end of period prices).

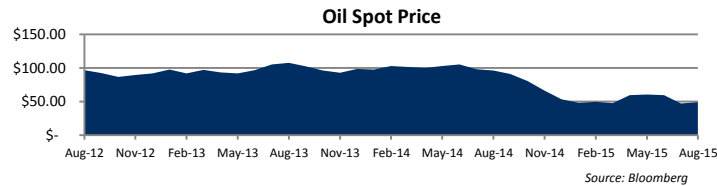
MONEY SUPPLY IN LEBANON

M3 was up +0.3% MoM to 182,137 billion Lebanese pounds (USD 120.8 billion) in July 2015 and was up +4.5% YoY from 174,240 billion Lebanese pounds (USD 115.6 billion) in July 2014. 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

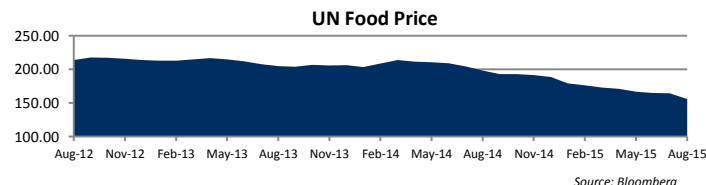
WTI Cushing spot price increased +4.4% MoM yet decreased -48.7% YoY to \$49.20 per barrel. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased +3.7% MoM yet decreased -47.5% YoY to \$54.15 per barrel. Crude oil rebounded driven by lower revisions of US production combined with OPEC's readiness to negotiate with other producers, as well as temporary improved global risk sentiment that drove oil prices higher by end of August 2015.



Source: Bloomberg

UN FOOD PRICE

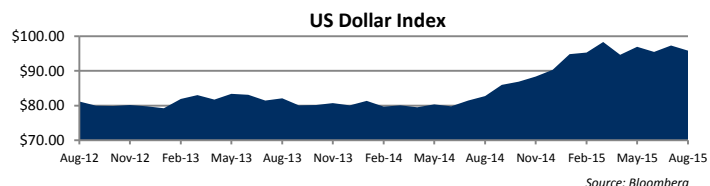
UN Food Price Index declined further -5.2% MoM and -21.5% YoY to 155.69. The UN Food Price Index measures the prices of global food staples. The index fell sharply in August as all food commodity indices declined (excluding meat which remained stable) due to ample supplies, weak energy prices and continuing concerns over the Chinese economic slowdown.



Source: Bloomberg

US DOLLAR INDEX

US Dollar Index decreased -1.6% MoM yet increased +15.8% YoY to \$95.8. The US Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies. The US currency weakened on global slowdown fears, mixed US macro data and views of a lowered likelihood of a Fed rate hike in September. Investors became more risk averse, unwinding their trades into global equities and EM assets, placing a firmer bid on funding currencies including the Yen and the Euro.



Source: Bloomberg

Lebanon December 2013 =100	Monthly Change	August 2015 Index	July 2015 Index	Weights
Food and non-alcoholic beverages	1.5%	98.7	97.2	20.6
Alcoholic beverages, tobacco	0.1%	111.2	111.1	1.6
Clothing and footwear	-0.2%	109.6	109.8	5.4
Housing water, electricity, gas and other fuels	-1.2%	95.2	96.4	28.5
Furnishings, household equipment and routine household maintenance	-0.1%	102.2	102.3	3.7
Health	-0.6%	94.7	95.3	7.8
Transportation	-3.0%	89.8	92.5	13.1
Communication	0.0%	75.9	75.9	4.6
Recreation, amusement, and culture	0.0%	101.0	101.0	2.3
Education	0.0%	104.6	104.6	5.9
Restaurant & hotels	0.1%	104.6	104.5	2.6
Miscellaneous goods & services	0.0%	102.7	102.7	4.0
Consumer Price Index	-0.5%	96.4	96.9	100.0

Source: CAS

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