

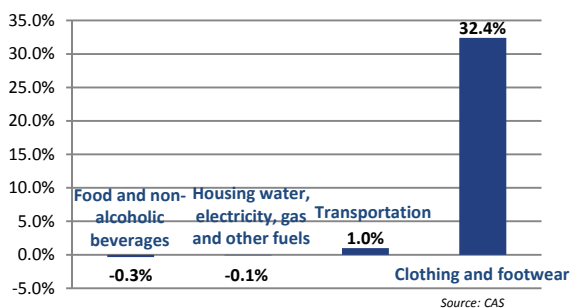
LEBANON INFLATION WATCH: March 2014

LEBANON'S CONSUMER PRICE INDEX (CPI) up 1.6% MoM in March 2014:

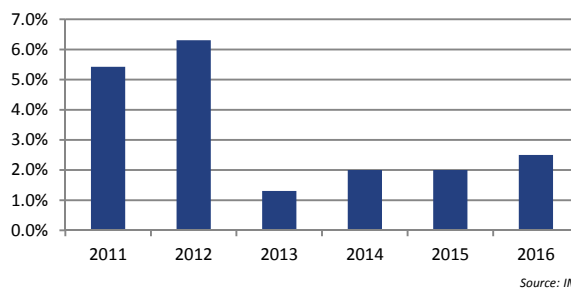
March 2014 saw Lebanon's Consumer Price Index increase 1.6% MoM from 100.2 in February 2014 to 101.8 in March 2014 (according to newly revised version from CAS). CPI measures the price of goods in an economy by tracking the cost of a basket of goods over time and is used as a proxy for inflation.

The biggest changers MoM were clothing and footwear which increased 32.4%, transportation which increased 1.0%, housing water, electricity, gas and other fuels which decreased -0.1%, food and non-alcoholic beverages which decreased -0.3%. 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 February- March period than any other component. Other components of the index also changed like alcoholic beverages, tobacco up 0.2%, restaurant and hotels up 0.2%, furnishings, household equipment and routine household maintenance up 0.1%, health up 0.1%, miscellaneous goods & services down -0.1%, recreation, amusement and culture down -0.7%. Communication and education remained unchanged.

CPI Main Drivers MoM: March 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).

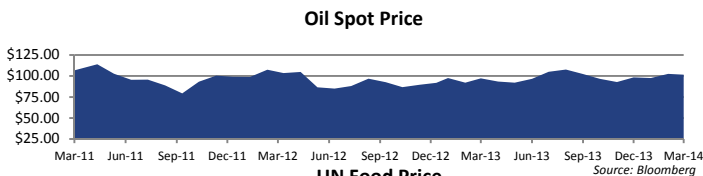
MONEY SUPPLY IN LEBANON

M3 was up 0.7% MoM at 168,339 billion Lebanese pounds (USD 111.7 billion) in February 2014 and was up 6.6% YoY from 157,852 billion Lebanese pounds (USD 104.7 billion) in February 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

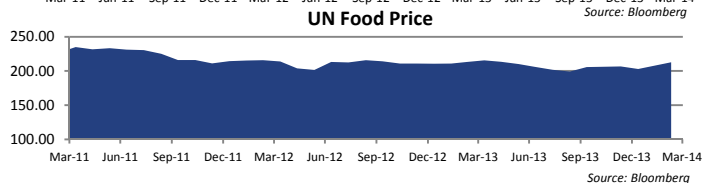
OIL SPOT PRICE

WTI Cushing spot price decreased -1.0% MoM to \$101.6 per barrel. YoY, it increased 4.5%. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price decreased -2.1% MoM and -1.2% YoY to \$107.8 per barrel.



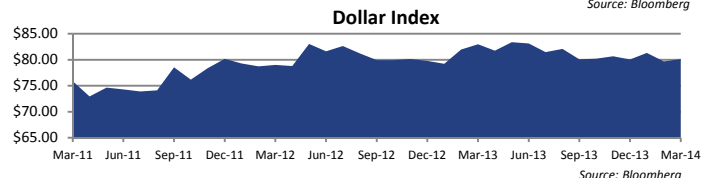
UN FOOD PRICE

UN Food Price Index was up 2.2% MoM to 212.7 but down -0.2% YoY. The UN Food Price Index measures the prices of global food staples.



DOLLAR INDEX

Dollar Index was up 0.5% MoM to \$80.1 but down -3.5% YoY. The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies.



Lebanon December 2013 =100	Monthly Change	March 2014 Index	February 2014 Index	Weights
Food and non-alcoholic beverages	-0.3%	103.1	103.4	20.6
Alcoholic beverages, tobacco	0.2%	105.8	105.6	1.6
Clothing and footwear	32.4%	105.6	79.8	5.4
Housing water, electricity, gas and other fuels	-0.1%	101.1	101.2	28.5
Furnishings, household equipment and routine household maintenance	0.1%	100.6	100.5	3.7
Health	0.1%	101.5	101.4	7.8
Transportation	1.0%	100.8	99.9	13.1
Communication	0.0%	100.0	100.0	4.6
Recreation, amusement, and culture	-0.7%	100.5	101.2	2.3
Education	0.0%	100.1	100.1	5.9
Restaurant & hotels	0.2%	101.8	101.6	2.6
Miscellaneous goods & services	-0.1%	100.9	101.0	4.0
Consumer Price Index	1.6%	101.8	100.2	100.0

Source: CAS

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