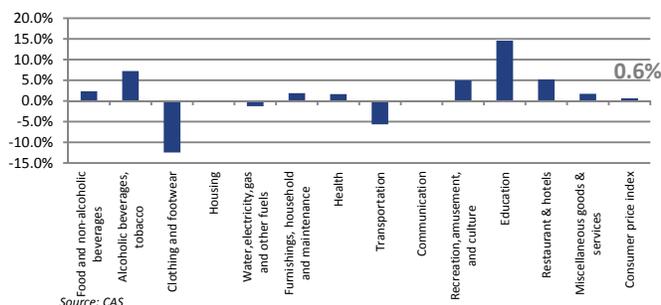


LEBANON INFLATION WATCH: September 2013

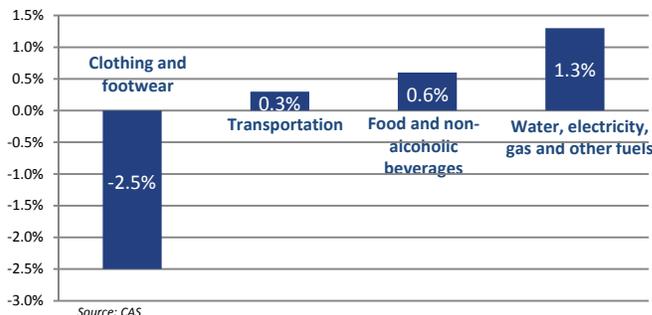
LEBANON'S CONSUMER PRICE INDEX (CPI) up 0.6% YoY in September 2013:

September 2013 saw Lebanon's Consumer Price Index increase **0.6%** YoY from 128.2 in September 2012 to 128.9 in September 2013. The index increased 0.2% MoM from 128.7 in August 2013. 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.

CPI Components YoY: September 2013



CPI Main Drivers MoM: September 2013



According to the IMF, inflation in Lebanon is estimated at 3.1% for 2011, 10.1%* for 2012, 3.5% for 2013, 2.4% for 2014 and 2.0% for 2015 and 2016.

The biggest changers MoM were water, electricity, gas and other fuels which increased 1.3%, food and non-alcoholic beverages which increased 0.6%, transportation which increased 0.3%, clothing and footwear which decreased -2.5%. The cost of clothing and footwear was the major driver of the index, as it represents 6.2% of the index's weight and changed more over the September-August period than any other component. Other components of the index also changed like alcoholic beverages, tobacco up 0.9%, furnishings, household equipment and routine household maintenance up 0.2%, restaurant and hotels up 0.2%. Housing, health, communication, recreation, amusement and culture, education and miscellaneous goods & services remained unchanged.

*According to MOF, housing costs, as a component of inflation, were subject to a one-time adjustment in July 2012.

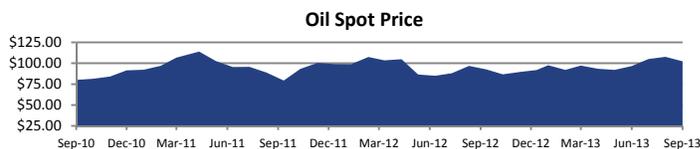
MONEY SUPPLY IN LEBANON

M3 was up 0.9% MoM at 163,227 billion Lebanese pounds (USD 108.3 billion) in August 2013 and was up 7.1% YoY from 152,377 billion Lebanese pounds (USD 101.1 billion) in August 2012. 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

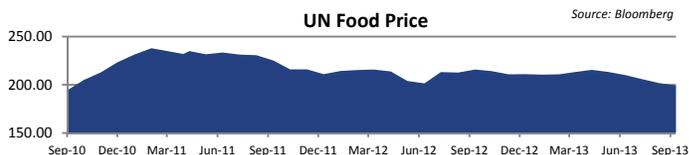
OIL SPOT PRICE

WTI Cushing Spot Price decreased -4.9% MoM to \$102.3 per barrel. YoY, it increased 10.6%. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price decreased -4.9% MoM. It decreased -2.9% YoY to \$108.4 per barrel.



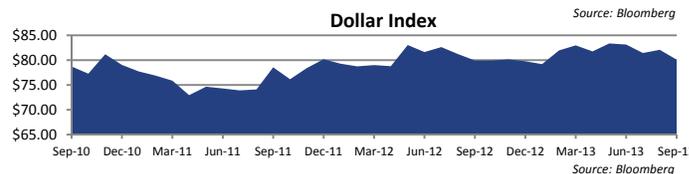
UN FOOD PRICE

UN Food Price Index was down -1.3% MoM to 199.1 and -7.7% YoY. The UN Food Price Index measures the prices of global food staples.



DOLLAR INDEX

Dollar Index was down -2.4% MoM to \$80.2 but 0.2% YoY. The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies.



| | Weights | September 2013 Index | September 2012 Index | Unadjusted CPI YoY September 2013 |
|--|-------------|----------------------|----------------------|-----------------------------------|
| LEBANON CONSUMER PRICE INDEX | 100% | 128.9 | 128.2 | 0.6% |
| Food and non-alcoholic beverages | 19.9% | 139.1 | 135.9 | 2.4% |
| Alcoholic beverages, tobacco | 2.1% | 140.0 | 130.5 | 7.3% |
| Clothing and footwear | 6.2% | 106.1 | 121.1 | -12.4% |
| Housing | 16.2% | 160.2 | 160.2 | 0.0% |
| Water, electricity, gas and other fuels | 9.5% | 119.2 | 120.7 | -1.3% |
| Furnishings, household equipment and routine maintenance | 3.9% | 113.9 | 111.7 | 1.9% |
| Health | 6.8% | 107.5 | 105.7 | 1.7% |
| Transportation | 12.3% | 124.0 | 131.4 | -5.6% |
| Communication | 4.8% | 86.3 | 86.3 | 0.0% |
| Recreation, amusement and culture | 3.7% | 118.6 | 112.9 | 5.0% |
| Education | 7.7% | 150.0 | 130.9 | 14.6% |
| Restaurant & hotels | 2.7% | 156.4 | 148.7 | 5.2% |
| Miscellaneous goods & services | 4.2% | 115.0 | 113.0 | 1.7% |

Source: CAS

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